

Image-Making / Even the Judge Snickered**By Gates Tape Transfixed***Or, How Microsoft's Hero Played in the Courtroom*By Rajiv Chandrasekaran
Washington Post Service

WASHINGTON — Microsoft Corp.'s top lawyer reclined in a faux leather chair, rubbing his cowlick in circles. His Justice Department counterpart, sitting 10 feet away in the draft federal courtroom, kicked off his black Nikes and stared at the carpet. The judge could not stop glancing at the clock as the spectators, now a precious few, nodded off.

Over the last two weeks, the Microsoft antitrust trial, the epic confrontation between the U.S. government and the giant software company, seemed to be deflating.

Gone was the procession of computer industry executives who recounted being roughed up by Microsoft and its chairman, Bill Gates. In their place were experts like the meandering economist who led the court on a long journey through "browser flow rates" and "entry barriers in the operating system market."

Then, Wednesday morning, the government went to the videotape again, projecting Mr. Gates's larger-than-life visage on a giant white screen.

As the petulant Mr. Gates was interrogated, the spectators perked up; the reporters scribbled once more; the lawyers sat upright; the judge forgot about the clock. Even the hallway, prone to scanning the crowd and castigating whispering spectators, seemed again transfixed.

As the weeks drag on in the trial that will help chart the future of the high-tech world, the most compelling moments have been these clips of the world's richest man. His unflattering demeanor in the deposition; his tough-talking electronic-mail: his take-no-prisoners memos to his top executives.

Since the trial opened six weeks ago, government lawyers have used Mr. Gates as the leitmotif of their case, bringing his image back again and again, casting him as ringleader of the company's alleged efforts to thwart competition in the computer industry.

By repeatedly playing clips of the videotaped deposition, carefully selected by the government to show Mr. Gates's most elaborate circumlocutions, the Justice Department hopes to raise fundamental doubts about Microsoft's credibility: If the company's chairman will not give a straight answer, they reason, why should its defense be believed?

But lately, as expert witnesses have waded into the esoteric muck of economic and technical jargon, the government has found another benefit from the Gates Tape: It's the antitrust equivalent of Jolt Cola.

THE Gates Tape is mesmerizing. Unlike the well-rehearsed executive who is known for delivering Top 10 lists and splashy product demonstrations at trade shows, Gates the defendant comes across as combative and forgetful, squirming in a large leather chair as he is buffeted with questions.

In one 20-minute segment, David Boies, a government lawyer, asked Mr. Gates: "What non-Microsoft browser were you concerned about in January of 1996?"

To everyone in the courtroom, it was clear that Mr. Boies was trying to get Mr. Gates to mention Netscape Communications Corp., the onetime darling of Silicon Valley that makes rival software to "browse" the global computer network. But Mr. Gates would not bite.

"I don't know what you mean, 'concerned,'" he retorted.

"What is it about the word 'concerned' that you don't understand?" Mr. Boies asked in an incredulous tone. "'I'm not sure what you mean by it,'" Mr. Gates replied, deadpan, prompting people in the courtroom, U.S. District Judge Thomas Penfield Jackson included, to start snickering.

In the clips played Wednesday, Mr. Gates put on



A smiling Bill Gates with his wife, Melinda, as they announced a donation in the campaign to vaccinate children. Inset, the Bill Gates of the tape.

a similar performance, quibbling with Mr. Boies for five minutes over the meaning of the phrase "pissing on," which a Microsoft executive used in an e-mail to describe the company's efforts to thwart the Java programming language.

After first saying that he did not know what the author "specifically means," Mr. Gates eventually conceded that "in this case, I think it means what you've suggested it means."

Spectators and journalists, who had packed the courtroom in anticipation of the next installment of the Gates Tape, were in stitches, prompting the bailiff to call for decorum.

Microsoft lawyers maintain that the tape is an irrelevant distraction to the proceedings and that Mr. Gates behaves on it as would any high-profile executive, trying to focus questions in order to provide more precise answers.

"What possible purpose was the government trying to serve?" Mark Murray, a Microsoft spokesman, sniffed about the colorful segments played Wednesday. "This has no relevance to the case."

No matter how it plays with the judge, who will decide this case, the tape has certainly provided a clear advantage in the government's public relations battle with Microsoft. Mr. Gates's comments, no matter how banal, make their way into almost every reporter's article, and the videotape helps juice up television news reports.

As soon as segments of the tape are played in court, a Justice Department spokesman has been rushing a copy to waiting TV crews outside the building. Only hours later, when the proceedings have recessed for the day, will the cameras record Mr. Murray delivering his counter-spin, bemoaning the government's use of "snippets."

Sensing the potential fallout from the deposition, Microsoft has spent the last five weeks grappling for control of the courtroom VCR, hoping to press any button — pause, fast forward, eject — other than play. It is a squabble that has been almost as interesting as anything on the tape.

The Gates Tape teaser first appeared during Mr. Boies's opening arguments. The first extended screening was scheduled for the second week of the trial. On the appointed morning, a Thursday, the line of gawkers hoping for a seat stretched down the football-field-long hallway outside the Constitution Avenue courtroom.

Bur Microsoft's lead attorney, John Warden, managed to stall the proceedings.

The following Monday morning — there is no court on Fridays — with everyone expecting an executive from Apple Computer Inc. to take the witness stand, Mr. Boies and Mr. Warden were huddled in the hallway. Although they were prone to fire bars at each other during the proceedings, the two sometimes banter amiably in a corner during recesses.

This time it did not appear to be idle chatter. Mr.

Gates was on the agenda. When the judge entered the courtroom, Mr. Boies was going to play the tape.

But instead, a closed hearing ensued. Microsoft was trying to rein in the videos. Then came a sidebar conference, where loud static noise filled the room to prevent eavesdropping. Then a recess. Then a meeting in the judge's chambers.

Finally, with spectators growing restless, Judge Jackson emerged just before noon, telling the lawyers that "we will see it all." All of the tape, that is, that Mr. Boies wanted to show.

Trying to salvage Mr. Gates's image, Mr. Warden asked that the Microsoft side get to pick its own portions of the deposition to show, ostensibly, segments in which their chairman looks good. The judge agreed.

Finally, the tape rolled. Mr. Gates was as testy as ever.

When asked who attended a Microsoft executive staff meeting, he said: "Probably members of the executive staff."

Mr. Boies smiled. Mr. Warden sat stoically. And, at one point, Judge Jackson shook his head in disbelief.

ALL TOLD, Mr. Boies said he planned to show about eight hours of the 20-hour interview during the trial. Although Microsoft is selecting its own segments, they are crudely interspersed with the government's. To everybody but the lawyers, it is impossible to know which Mr. Gates looks and acts the same in all of them.

Two weeks ago, a frustrated Mr. Warden decided to argue his Gates Tape case again, this time asking to meet the judge in his chambers. Although reticent at first, Judge Jackson has become a more avuncular courtroom presence in recent weeks. He has tried to shore off his growing grasp of technology, to cut through legal posturing on both sides, and occasionally to inject a little levity into the proceedings.

In the meeting, Mr. Warden argued that "playing this deposition in bits and pieces" is being done "for the purpose of an audience outside the courtroom and for the purpose of creating news stories day after day after day." He urged Judge Jackson to order the government to play all remaining segments at one time.

Mr. Boies, also present at the meeting, would have none of it. Yes, the segments were longer than he would like to play, but "it often takes three or four or five or 10 and sometimes 15 minutes to get him to finally admit to something that he should have admitted immediately," Mr. Boies suggested that Mr. Warden was simply "carrying his company's PR water."

Judge Jackson agreed. "If anything," the judge told Mr. Warden, "I think your problem is with your witness, not with the way in which his testimony is being presented."

TRAVEL UPDATE

U.S. Park Visitors Remain Steady

WASHINGTON (AP) — An experimental program allowing national parks and other federal recreation areas to raise their fees has significantly boosted revenues without affecting the number of visitors, a government study concludes.

The four agencies in the program said their recreational fees nearly doubled from about \$93 million in fiscal year 1996, to about \$179 million in 1998.

At the same time, the General Accounting Office said the number of visitors to sites with higher fees increased by 5 percent in 1997.

French Rail Strike Continues

PARIS (AFP) — French rail traffic was expected to be heavily disrupted for the eighth consecutive day Friday as striking workers voted Thursday to continue their action despite proposals made by management.

The state-owned SNCF railroad said traffic was disrupted Thursday in most regions except Brittany, northern Picardy and Pas-de-Calais and in the northeast Champagne-Ardennes regions. Suburban trains in the Paris region were running normally, as were high-speed trains within France and to London, Brussels, Amsterdam and Cologne.

Strikes Leave Greece Out of Gas

ATHENS (Reuters) — A flurry of strikes and protests hit Greece on Thursday, clogging traffic, crippling transportation and services and almost draining the country of petrol.

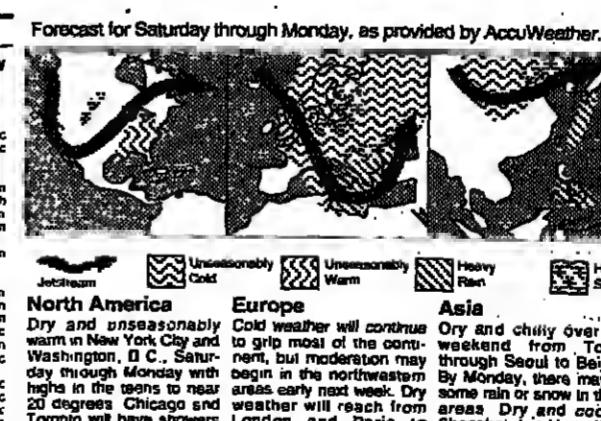
Custos officials defied a Wednesday court ruling declaring their walkout illegal, continuing a four-day strike that has left most gasoline stations empty.

Delta Air Lines will stop flights to three international destinations next year, part of its continuing effort to concentrate planes on more profitable routes. Flights to Prague will end Jan. 17, and flights to Calgary and Edmonton, Canada, will end on April 4, the airline announced. (AP)

DEATH NOTICE
The Hedqvist family and friends are sad to announce the passing of
STIG B HEDQVIST
in Geneva Switzerland,
on November 27 1998, in his 75th year.

WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.



Map, forecasts and data provided by AccuWeather, Inc. ©1998 - <http://www.accuweather.com>

North America

Dry and unseasonably cold weather will continue through Saturday over the central and eastern United States. Dry through Monday.

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Cold weather will continue over the weekend.

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THE AMERICAS

Pressure Builds on Panel to Vote Soon on Impeachment

By Brian Knowlton
International Herald Tribune

WASHINGTON — The House Judiciary Committee came under increasing pressure Thursday to vote next week on articles of impeachment as an attempt to broaden the inquiry into presidential fund-raising collapsed and the incoming House speaker warned that further delay would push the matter into next year.

The committee chairman, Representative Henry Hyde of Illinois, told Republican members Thursday that a review of Justice Department memos had found insufficient evidence to pursue allegations of campaign-fund-raising abuses by President Bill Clinton. That represented a dramatic step-down from a move just two days earlier to expand the inquiry.

"The evidence from the Department of Justice being examined in relation to possible campaign finance violations will not be part of the inquiry next week," a Republican

member of the committee, Representative Asa Hutchinson of Arkansas, said through a spokesman.

The committee, he said, "will not pursue it at this juncture."

With the committee under heavy fire from Democrats — who call its handling of the inquiry a sham and a shambles — and disillusion spreading to some Republicans, the White House has responded with growing confidence.

It vowed to mount a "vigorous defense" when its lawyers appear before the panel Tuesday. This was a shift, at least of tone, from August, when Mr. Clinton acknowledged having had an "inappropriate relationship" with Monica Lewinsky and suggested that he might not offer any defense.

"The scope of the defense must equal the scope of the inquiry," White House lawyers wrote Wednesday to Mr. Hyde.

That set the stage for what is certain to be a few furious and unpredictable days of hearings and depositions, peppered with more

partisan debate, before a probable vote to send at least one article of impeachment to the full House of Representatives. There it would face an uncertain fate.

Amid Democratic attempts to paint the impeachment inquiry as a poorly guided partisan witch-hunt, there have been some calls for top-ranking Republicans to exert more influence on the process. The outgoing speaker of the House, Representative Newt Gingrich, has ended all overt involvement in the matter since the Nov. 3 election results brought his resignation.

His designated successor, Representative Bob Livingston of Louisiana, sidestepped the question of direct role Thursday but made his preference clear.

"I can't say I'd be perfectly happy," he said, if the process had to be dealt with by the new Congress. But he said he had no idea what would happen until the Judiciary Committee reports.

His comment came after a survey of House Republicans by Representative Tom DeLay.

the majority whip, found overwhelming support for concluding the impeachment inquiry with a vote this month.

Mr. Hyde, praised as a capable and fair-minded legislator before the inquiry began, has come under increasing fire. The reversal on the campaign fund-raising question is likely to fuel the criticism of Democrats who say he has let the process spin out of control, moving in unannounced turches, or trying to cast too wide a net.

On Tuesday, the Judiciary Committee voted to subpoena memorandums from the FBI director, Louis Freeh, and from a former senior Justice Department prosecutor, Charles LaBeif, in which they urged Attorney General Janet Reno to seek appointment of an independent counsel to investigate campaign-fund-raising irregularities that could involve Mr. Clinton. One Republican member said the memos would prove Mr. Clinton had violated federal election law.

But after two committee representatives were allowed to see the memorandums, they concluded, according to various reports, that they contained no direct evidence of criminal violations by Mr. Clinton.

Meanwhile, Democratic officials on the Judiciary Committee said Republicans were also set to drop an inquiry into whether certain Democrats sought to intimidate Kathleen Willey, a former White House volunteer, to prevent her from testifying that she was groped by Mr. Clinton, a charge he denies.

That would leave the Judiciary Committee where it began its work — with the allegations forwarded by the independent counsel Kenneth Starr that Mr. Clinton lied under oath about his sexual relationship with Monica Lewinsky and then abused the powers of his office in an effort to cover the matter up.

The committee, as manners stand, appears likely to vote next week on one or two articles of impeachment dealing only with the alleged perjury, not with alleged obstruction of justice or abuse of power.

Because Republican members dominate the panel, 21 to 16, and have been voting as a bloc, a vote to send an article or articles of impeachment to the full House is expected to pass.

If so, the full House would probably be called back for a lame-duck session to vote on the matter beginning Dec. 14.

There, the outcome is unclear. An estimated 208 to 216 of the 238 Republicans are thought likely to favor impeachment, along with 3 to 5 of the 206 Democrats (one independent usually joins them). With 218 votes needed to impeach, the matter is too close to predict.

If it did pass, it would go to the Senate for a trial next year. Republicans hold a 55-to-45 edge there, but would need 67 votes to convict Mr. Clinton.

The Senate majority leader, Trent Lott of Mississippi, said Thursday that "we're not making any plans or any preparation at this time" to try Mr. Clinton if the House votes for impeachment.

POLITICAL NOTES

Updating White House Grounds

WASHINGTON — The First Family would get a new recreation room, tourists would walk to the White House through a tunnel, and vendors would be booted off two streets under a 20-year, \$300-million plan proposed to improve the White House grounds. Congress and 10 agencies would have to approve the plan before construction could begin.

Billed by National Park Service officials as the first comprehensive overhaul of the White House area since Pierre L'Enfant laid it out in 1791, the plan essentially would expand the grounds, Executive Mansion and visitor center by adding underground facilities.

Most of the 1,100 parking spaces for White House staff on the Ellipse and grounds would be replaced by two garages beneath Pennsylvania Avenue and the Ellipse, according to the plan. In this way, the White House complex would siphon parked cars from the street, a gesture to pedestrians. About 1.2 million people visit the White House every year. (WP)

Female Marines See Scarlet

WASHINGTON — In a tradition that commemorates battlefield sacrifice at the Halls of Montezuma, U.S. Marines proudly display blood-red stripes on the trousers of their dress uniforms.

Now, advancing into a potential fashion minefield, Corps has recently begun studying whether to extend that hallowed practice to the skirts of female Marines.

In military parlance, dark-blue skirts with a scarlet stripe running down each side are being "wear-tested" by a group of female Marines at Quantico, Virginia, and several other locations.

"Bloodstripes" are much more than a decorative flair. Corps legend holds that the stripes are a tribute to the Marines who died in 1847 assaulting the castle at Chapultepec during the Mexican War. Any Marine with the rank of corporal or above is entitled to wear them. (WP)

Quote/Unquote

William Kristol, editor of the Weekly Standard, on conservatives who are still pressing for impeachment: "Some of us are hanging tough in our obdurate blindness to the political reality. I'm like one of these Japanese soldiers after World War II. It's 1949 and I'm on some island not knowing the war is over." (NYT)

Away From Politics

• Authorities have charged a man with arson at the Pullman Works after a fire there destroyed the last remaining structure of the railroad factory in Chicago's South Side where a key battle in the U.S. labor movement was fought 100 years ago. (AP)

• A man accused of injecting his 11-month-old son with blood tainted with the AIDS virus told the boy's mother that the child was damaged and no longer worth keeping, the child's mother told a court in St. Charles, Missouri. (Reuters)

• Parents are being advised to throw away baby bottle nipples and pacifiers made of vinyl because of concerns over a material in vinyl that causes cancer in rats. (NYT)

A Law on Trial Outside Court**Espy, Acquitted, Attacks the Special Counsel Statute**

By Neil A. Lewis
New York Times Service

WASHINGTON — The acquittal by a federal jury of Mike Espy, the former agriculture secretary, of corruption charges, has ended an independent prosecutor's four-year investigation of Mr. Espy's acceptance of sports tickets and other favors from companies he was supposed to regulate.

"It's cost a lot, it's been tough but I knew from day one that I would stand here before you completely exonerated," Mr. Espy said Wednesday outside the courthouse.

The jury took barely 10 hours to reject 30 counts brought by the independent prosecutor, Donald Smaltz. The trial judge had earlier dismissed eight other counts.

Even as he savored his acquittal, Mr. Espy made it clear he was among the critics who point to each such verdicts as a judgment of the independent counsel law under which he was prosecuted. Congress is expected to hold hearings early next year on whether to renew the law, which expires in June. There is little expectation that it will be extended.

Both Mr. Espy and Mr. Smaltz, in comments after the verdict, neatly crystallized the debate over the wisdom and effectiveness of the Ethics in Government Act, which provides for independent counsels to investigate allegations of wrongdoing against senior government officials.

Mr. Espy likened Mr. Smaltz, who spent more than \$17 million investigating him over a four-year period, to a "schoolyard bully." The independent prosecutor, he said, was

"someone with all the money, all the power, very little supervision, no timetable and able to unleash powerful hordes of prosecutors on you and your family."

Mr. Smaltz defended his work, noting that his office had achieved more than a dozen convictions and garnered some \$11 million in fines and criminal penalties, mostly from companies that were charged with giving illegal gratuities to Mr. Espy. He also said that despite the acquittal, there was value in prosecuting Mr. Espy because it would discourage other officials from behaving the same way.

"The actual indictment of a public official may in fact be a great deterrent as a conviction of that official," he said.

His two most notable victories were having Tyson Foods, the Arkansas-based poultry producer and distributor, agree to pay \$6 million after pleading guilty to making illegal gifts to Mr. Espy. He also got Sun Diamond Growers, a California cooperative for nut and raisin growers, to pay a \$1.5 million fine for illegally condoning gifts to Mr. Espy by its lobbyist.

But a federal appeals court in Washington overturned the conviction of Sun Diamond, and the case is on appeal to the U.S. Supreme Court. The case involves the meaning of the unlawful gratuity statute, which makes it a crime to give, offer or promise "anything of value" to a public official "because of any official act performed or to be performed."

Mr. Smaltz contended that the law was violated anytime a gift was motivated by the recipient's official position. But the Court of Appeals for the District of Columbia Circuit said the gift also had to be motivated by some



Mike Espy savoring his exoneration.

official act, either a reward for a past act or an inducement for a future one.

Mr. Espy was charged with violating the same statute. In presenting 70 witnesses, Mr. Smaltz portrayed Espy as eager to ask companies he regulated for hard-to-get tickets to sporting events. But Ted Wells, one of Mr. Espy's lawyers, said during his closing argument that the prosecution had presented no witnesses who testified that his client had made a decision based on anything he received.

Digital World

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ASIA/PACIFIC

Manila Orphanage Fire Kills 28**Most Victims of the Rapid Nighttime Blaze Were Children***Copyright © 1998 The Star From Manila*

MANILA — Neighbors watched helplessly Thursday as a predawn fire tore through an orphanage in Manila, killing at least 28 people, mostly children. Two other children were missing and presumed dead.

Some children had shouted for help through the metal grates covering windows on the second floor, but frantic neighbors could not open or break down a padlocked main gate to the orphanage.

The dozens of children at the Catholic-run Bahay Kalinga orphanage had been looking forward to a Christmas party Friday. Instead, the Christmas decorations were scattered along with toys and children's clothes among the burned debris.

"I'm afraid my playmates were buried," said Brian De Mesa, 5, who survived along with his twin brother. "I saw their burned bodies. I don't want to go back."

About 70 people were inside the orphanage in a slum area of Manila's Paco district when the fire broke out about 2 A.M., officials said. Investigators said faulty electrical wiring may have triggered the blaze.

Fire officials said three-fourths of the orphanage was already on fire when they arrived.

"We couldn't even go near because of the intense heat," said Pablito Cordeta, operations chief of the Manila Fire Department. "A few seconds after we arrived, part of the roof collapsed."

Thirteen dead children were found huddled together in one room. In another, a dead adult was found clinging to two children, all charred beyond recognition.

Rescuers lifted the bodies of

small infants wrapped in blankets from the remains of the orphanage, which included a two-story main structure and two cottages, all built between 1913 and 1927.

Staff members said the fire had spread so quickly that they did not have time to rescue many children. "I was sleeping on the ground floor when I was woken up," said Carina Bellosillo, a teacher. "Already, the ceiling was on fire and the stars going up to the second floor were burning. I wanted to go upstairs to save the babies, but my companions pulled me back."

For some children, especially the babies left in the nursery, death would have come quickly because of smoke inhalation during sleep. But others awoke and screamed for help from windows. Only some of the older ones managed to clamber out and jump to the ground. Most of the survivors had been sleeping on the ground floor.

Faulty equipment or lax enforcement of fire regulations are responsible for many deadly fires in the Philippines. In May 1998, a fire at the Lung Center of the Philippines in Quezon City, part of metropolitan Manila, killed 25 people and devastated the government-run hospital. Two years earlier, a fire at the Ozone Disco in the same suburb killed 162 people. (AP, Reuters)

others were left behind. I don't know what happened to them."

The orphanage also cared at night for children of working parents, who slept outside while they waited for word of their children.

"He was my only joy," said Ana-bell Sambrano, 21, whose 9-month-old boy died in the blaze. "I heard about the fire on the radio and rushed here, but it was too late. I want my baby."

But the children who came out alive appeared to be little affected. Some played on sheets of cardboard spread out in the quadrangle of the orphanage, while others slept.

President Joseph Estrada visited the gutted buildings Thursday afternoon and pledged to help the orphanage recover.

"I will raise funds personally," he said. "I will do everything I can to rebuild this place."

Faulty equipment or lax enforcement of fire regulations are responsible for many deadly fires in the Philippines. In May 1998, a fire at the Lung Center of the Philippines in Quezon City, part of metropolitan Manila, killed 25 people and devastated the government-run hospital.

A teacher at the orphanage said: "I was able to get eight children out from one of the rooms, but three



SMILE! A student backing up to get all his fellow protesters into a picture as thousands demonstrated Thursday in Jakarta for reforms. Indonesia announced legislative elections for June 7 and an assembly vote for president on Aug. 29.

Clinton Lays Down Conditions to Pakistan

By Thomas W. Lippman
Washington Post Service

WASHINGTON — Prime Minister Nawaz Sharif of Pakistan went to the White House seeking a substantial upgrade in relations with the United States, but by U.S. account he has come away with little.

President Bill Clinton told Mr. Sharif that Washington wanted further commitments that Pakistan would refrain from testing and deploying nuclear weapons, wanted more cooperation on apprehending the suspected terrorist Osama bin Laden, who is in Afghanistan, and wanted progress on breaking the Taliban militia's grip on Afghanistan before extending economic and military ties with Islamabad, senior U.S. officials said.

In addition, Mr. Clinton said he could not satisfy Pakistani appeals for U.S. intervention to help resolve the decades-old conflict between Pakistan and India over Kashmir, the

border region that represents the most volatile flashpoint in South Asia.

"I've enjoyed my opportunities to work with the parties in the Middle East and Northern Ireland," the president said, "but it only works when both parties wish the United States to be involved. Otherwise we can't be effective." India, which insists that Kashmir is an integral part of India, has rejected outside mediation.

The fact that Mr. Sharif was in Washington at all and had what he called a "positive" meeting shows that relations between the United States and Pakistan have stabilized since Pakistan rebuffed U.S. cutbacks last spring and followed India in conducting underground nuclear weapons tests.

Mr. Clinton imposed mandatory economic sanctions on both countries, organized international condemnation of the tests and canceled a trip to the region.

Since then, however, Pakistan

and India have promised to sign the Comprehensive Test Ban Treaty, the major nonproliferation goal of the Clinton administration, by September. According to senior officials, they also have refrained from "weaponizing" nuclear warheads by installing them on missiles or bombers.

To reward these steps and encourage more, Mr. Clinton lifted some of the economic sanctions on both countries, and authorized a resumption of military training in the United States for Pakistani officers for the first time in a decade.

"We value our friendship with Pakistan very much," Mr. Clinton told Mr. Sharif when they met Wednesday. "I also want to be supportive in any way that we can to help the economy of Pakistan to grow, to benefit ordinary citizens of your country."

He said Mr. Sharif "deserves a lot of credit" for his willingness to resume direct talks with India.

Pakistan's rival and enemy since the two nations were carved out of British India in 1947.

Despite those encouraging words, senior officials emphasized that the president made no new commitments to Pakistan and that further expansion of economic and military ties depended on developments in Islamabad.

Most military ties to Pakistan are prohibited by U.S. law because of Pakistan's nuclear weapons development program. Assistant Secretary of State Karl (Rick) Inderfurth said, "The president reaffirmed our view that more progress needed to be made on these issues before we would be in a position to remove all of the sanctions that had been put on Pakistan in the wake of the test."

Mr. Inderfurth said Mr. Clinton and Secretary of State Madeleine Albright also had told Mr. Sharif that they wanted a clean break in Pakistan's relations with the extremist Taliban in Afghanistan.

BRIEFLY**Hindus Smash Up Movie Theater**

NEW DELHI — Hindu nationalists smashed windows and marqueses at a movie theater, angry about the showing of a movie including lesbian scenes and themes challenging Indian family traditions.

The half-dozen men and women also trashed a restaurant next door to the Regal Theater in New Delhi's Connanglin Circus business district.

No one was injured, and the vandals were blocked from entering the ball where the movie "Fire" was showing to a full house.

Reporters had been warned of the attack by activists from Shiv Sena, a Hindu nationalist political party allied with the governing Bharatiya Janata Party.

The film takes on issues rarely addressed in India, including the plight of women in tradition-minded families who are expected to suppress their desires while serving their husbands and elders.

Homosexuality also is rarely discussed in India. (AP)

Witness Levels Charges at Anwar

KUALA LUMPUR — Using intimidation and surveillance, Malaysia's former deputy prime minister blocked an employee from cooperating with a police probe into the minister's sex life, a witness told a court Thursday.

Azizan Abo Bakar, a former driver for the wife of Anwar Ibrahim, the jailed minister, said he was frequently called by Mr. Anwar and ordered to hinder police investigations into allegations contained in a book.

The probe into accusations in "Fifty Reasons Why Anwar Ibrahim Cannot Become Prime Minister" became the basis for the 10 charges of corruption and illegal sex for which Mr. Anwar is being tried.

Mr. Anwar denies the charges, saying they were trumped up by those who felt his calls for political reform threatened the 17-year rule of his former boss, Prime Minister Mahathir bin Mohamad. The book, written by a former tabloid editor, Khalid Jafri, catalogs a string of alleged sexual improprieties by Mr. Anwar while he was in office.

Mr. Mahathir fired Mr. Anwar on Sept. 2, saying he had determined that Mr. Anwar was morally unfit for office. The firing led to dozens of massive anti-government protests in Kuala Lumpur. (AP)

An Internet Crackdown in China

SHANGHAI — A computer entrepreneur charged with subversive for giving away Chinese e-mail addresses to an Internet-based democracy magazine is to go on trial Friday in a courtroom closed to the public and reporters.

Lin Hai, 30, is accused of "inciting the overthrow of state power" by giving 30,000 addresses to "VIP Reference," a pro-democracy journal published by dissidents abroad.

The case highlights China's efforts to police the Internet with the same intensity it has used to try to silence other forms of political dissent. (AP)

Australia Hunts a Letter Bomber

CANBERRA — Australian police said Thursday that they were hunting a disgruntled former tax worker after uncovering the 26th letter bomb in a bizarre terror campaign.

The latest bomb was found in Queensland state.

On Wednesday, police said they had found 25 of the small, identical packages. Two postal workers were slightly hurt when one package exploded in a Canberra sorting room.

Most of the packages were found in the Canberra mail sorting room, addressed to the homes of senior tax collectors. Another two bombs were discovered in Sydney. (Reuters)

North Korea Goes on War Alert

SEOUL — North Korean media on Thursday said the Communist nation's military was ready for war with the United States if a dispute over nuclear inspections comes to blows.

The North's official Korean Central News Agency said its soldiers and civilians were "on full alert for war."

North Korea typically sends out belligerent rhetoric, especially when it enters important talks with Washington.

The United States and North Korea are set to resume talks Friday about inspections of an underground North Korean site suspected of being used to produce nuclear weapons.

Washington demands unconditional inspections of the North's underground project. But North Korea has asked Washington to pay \$300 million to inspect the site. (AP)

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EUROPE

Ulster Nears Compromise and Then Backs Away

By James F. Clarity
New York Times Service

BELFAST — After a day of negotiations and statements that compromise was imminent, Protestant and Roman Catholic leaders apparently failed Thursday to agree on several important issues in the Northern Ireland peace effort.

Agreements that on Thursday morning were said to have been "all but clinched" began unraveling by Thursday evening. The damage to the effort by the new Northern Ireland Assembly to enact the provisions of the peace agreement approved in the spring was serious but not necessarily fatal. The failure leaves the peace effort stalled, as it has been for months.

The members of the new Northern Ireland Assembly had apparently been close

to agreeing on governmental structures designed to give this British province's minority Catholics more power.

In addition to the matters that were left unsettled Thursday, the chief obstacle in the peace effort remained unsolved: the disarmament of the Irish Republican Army.

There was no immediate word on whether the talks would continue Friday. But officials said this was unlikely and that there would be no progress for the rest of the year.

There had nearly been agreement on some of the new governmental structures envisioned in the peace agreement, approved in the spring to end 29 years of sectarian warfare in Northern Ireland.

"It is progress inch by inch," said David Trimble, the first minister of the new Northern Ireland Assembly, who is

also the Protestant leader of the Ulster Unionist Party.

His Catholic nationalist deputy, Seamus Mallon, said "significant progress" had been made.

But within hours reports began to issue from the Assembly that Mr. Trimble had met with Gerry Adams, the president of Sinn Fein, the political wing of the IRA.

Mr. Trimble was said to have repeated his demand for a start to IRA disarmament before allowing Sinn Fein to take part fully in the Assembly's executive cabinet and in the North-South Ministerial Council, in which Northern Ireland and the Irish Republic are to cooperate.

Mr. Adams's reply was not immediately known. But he has pointed out repeatedly that the peace agreement stipulates only that the IRA disarm be-

fore May 2000. Mr. Trimble says it must begin long before then, preferably now.

A provisional cabinet without Sinn Fein would be unacceptable to most Catholics in the North, who feel, along with most Protestants, that the peace effort has been an attempt to bring Sinn Fein into mainstream politics in return for a finish to the IRA's military campaign to end British sovereignty here.

The failure to compromise Thursday gave added importance to the visit of Mr. Trimble and Mr. Mallon to Washington to meet President Bill Clinton this weekend. They are expected to discuss the disarmament problem. Former Senator George Mitchell, who led talks that produced the peace agreement, is also to report to the White House on discussions he had on Monday with Northern Ireland political leaders.



David Trimble, first minister in the new Northern Ireland Assembly, between talks Thursday in Belfast.

Blair and Chirac Sketch Defense Pact**Cooperation Talks Aim at Giving EU a Military Role Within NATO**

By Joseph Fitchett
International Herald Tribune

PARIS — Guidelines for French-British military cooperation in future international emergencies were being readied Thursday for approval by President Jacques Chirac and Prime Minister Tony Blair in talks framing a joint defense initiative in time for the mid-December summit meeting of the European Union, its last before launching the single European currency.

The two leaders were meeting in the French port of Saint-Malo, once a lair of 17th-century French privateers preying on British vessels and therefore a nicely symbolic venue for the two governments to reconcile their differences on how Europe should organize its foreign and defense policies. In the two-day session, involving large ministerial delegations, the two sides were going to continue hammering out a European military role that fits — and possibly strengthens — NATO as the backbone of security in Europe, officials said.

Signs of a breakthrough between Lon-

don and Paris on defense cooperation have raised both hopes and anxieties in neighboring countries about the impact of the changes on their own positions.

The core on which France and Britain have agreed, officials said, is that the main security responsibility for Europe should remain with NATO while the European allies would strengthen institutional arrangements for acting together militarily in peacekeeping and other contingencies that did not require U.S. involvement. In practice, this would usually require help from Washington to lend U.S. transport aircraft and share intelligence information.

"France thinks the EU should have a capacity to evaluate, to decide and to intervene in crisis situations, naturally with total agreement and cooperation with the Atlantic alliance," the French foreign minister, Hubert Vedrine, said Thursday after a working session the previous day involving his British counterpart, Robin Cook, together with the two countries' defense ministers.

This approach — streamlining European defense cooperation, extending the

political authority of the EU into military affairs and inaugurating a security dialogue between the EU and NATO — became possible when Mr. Blair said last month that Europe needed what diplomats call "a security and defense identity" of its own as the precondition for getting European countries to develop their military capabilities.

Giving a voice to EU states about a military response in crises would not affect France or Britain's determination to retain sole control of their nuclear weapons, Mr. Vedrine said. Nor does Britain intend to see the change weaken NATO's authority or the U.S. leadership in the alliance, officials said.

But even the limited shift could refocus Europe's stumbling efforts to develop modernized military power in the post-Cold War era, and Mr. Vedrine said that France could not afford to ignore the signal of a policy shift in London. "Much work remains to be done," he said.

A big issue at the Saint-Malo talks will be the future shape of a Europe-wide defense industry. Britain's British Aerospace and Germany's Daimler-Chrysler Aerospace, both privately owned, are ready to merge, but France wants that step to be delayed until the emerging French conglomerate around Matra and Aerospatiale can reduce state ownership enough to be accepted into the partnership.

Institutional issues — such as the place of neutrals in the proposed new arrangements — will also have to be negotiated.

EDUCATION

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International Herald Tribune

8 Ethnic Albanians Die in Border Clash

BELGRADE — In the worst breach of the Kosovo cease-fire, Yugoslav border guards killed eight ethnic Albanians on Thursday. Meanwhile, a U.S. envoy sought to persuade Serbs to accept a peace plan before the province plunged into renewed war.

Several other armed incidents were reported Thursday as the U.S. envoy to Kosovo, Christopher Hill, presented President Milan Milutinovic of Serbia with a revised draft plan for the future of Kosovo. Mr. Hill cited some progress toward a permanent peace, but warned that time was at a premium because of fears that fighting, now at a lull, could resume by spring.

The eight armed ethnic Albanians were killed near the town of Prizren when nine of them fired on Yugoslav soldiers guarding the border with Albania, the pro-government Serbian Media Center said. (AP)

A Nazi-Era Laborer Is Denied Payments

COLOGNE — A German court on Thursday overruled a landmark ruling that a Nazi-era slave laborer was entitled to compensation from the government.

The state court in Cologne rejected the claim of Rywka Merlin, a Pole who emigrated to Israel in the 1960s, along with those of 20 other Jewish former slave laborers who had worked in the

Auschwitz concentration camp. Judge Hans-Peter Prier ruled that Germany's compensation law for the victims of Nazism did not include any provision for payments purely for slave labor. Victims could, however, claim for maltreatment they suffered while working as slave laborers.

The court's ruling was a setback to campaigners who want Bonn to pay compensation for slave labor. They had hailed a ruling by a Bonn court in November 1997 that Miss Merlin was entitled to compensation. (Reuters)

Turk Won't 'Give In' To Coalition Hurdles

ANKARA — The Turkish prime minister-designate, Bulent Ecevit, acknowledged Thursday that he faced serious problems in pulling together rival parties to save Turkey from crisis. At the same time, however, he declared, "I don't give in so easily." "I believe a result will come out of this Parliament without turning a government problem into a crisis," Mr. Ecevit told deputies of his Democratic Left Party. On Wednesday, President Suleyman Demirel invited Mr. Ecevit to form a cabinet. But he must overcome intense and deep-seated personal rivalries if he is to succeed.

Mr. Ecevit said he was focusing his efforts on bringing together the two main conservative parties — the Motherland Party led by the outgoing prime minister, Mesut Yilmaz, and the True Path Party of Tansu Ciller, another former prime minister.

(Reuters)

Euro MPs Vote To Give Selves Equal Salaries

By Barry James
International Herald Tribune

BRUSSELS — The European Parliament voted in favor of giving its members an independent statute along with a common salary and other conditions on Thursday, ending the practice of paying them the same as members of the national assemblies in their home countries.

The statute must be unanimously approved by heads of state and government at their summit meeting in Vienna at the end of next week.

The decision to give all members a monthly salary of 5,677 euros (\$4,894) will mean that many of the legislators will receive substantial increases. Members from Italy, Germany and Austria, who earn more than the proposed salary, will be allowed to keep their higher pay for a further five-year term if they are re-elected in June. But newly elected members from those countries will be paid the same as everyone else.

The proposal could face difficulties at the summit meeting, because it means that members from several countries will earn more, in some cases considerably more, than legislators at home.

Salaries at present range from the 2,828 Ecu (\$2,437) paid to Spanish members to the 9,635 Ecu earned by Italians.

Willi Rothley, the German member who drafted the bill, said the proposed salary was "not particularly high nor particularly low." It was arrived at by adding the total salary bill of all members and dividing it by the 626 seats.

Members will receive a fixed amount for expenses and staff under the proposal, and will have to produce receipts for travel to and from their constituencies.

The salary disparities have led to a series of embarrassing news reports about members' making up their pay by charging for trips they never made and pocketing money earmarked for staff support.

Along with a common salary, members will have to pay European income tax, like members of the European Commission, the EU's executive, and other community bodies. They will also be entitled to a pension from the age of 60.

The bill was opposed by some members because they said it made members employees of the EU.

"British members of the European Parliament do not work for the European Union," said a British Conservative, Edward McMillan Scott. "Conservative Euro-MPs work for the British people, and should be paid by the British people."

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INTERNATIONAL

A War of Words and a War of Stones

Clashes Erupt as Netanyahu and Arafat Trade Blame Over Delays



Associated Press
Prime Minister Netanyahu says the peace process is near a breakdown.

Compiled by Our Staff From Dispatches
JERUSALEM — Israelis and Palestinians clashed on Jerusalem's streets on Thursday while their leaders fought on the battlefield of public opinion.

The Israeli police said six policemen and three civilians were hurt in scattered skirmishes in Arab East Jerusalem. The police arrested 19 demonstrators.

The protests followed the killing of a Palestinian on Wednesday in an attack that Israeli police said may have been the work of a Jewish serial killer.

On the political front, Prime Minister Benjamin Netanyahu lashed out at the Palestinian Authority, saying incitement of "lynch mobs" against Israelis had pushed Middle East peacemaking to a near breakdown.

Mr. Netanyahu accused Palestinian leaders of orchestrating an assault on two Israeli citizens in the West Bank on Wednesday in an effort to force Israel to free Palestinian political prisoners.

Both Israelis were lightly injured. Scenes of the attack were repeatedly broadcast on Israeli television.

"This was organized, orchestrated,

planned in advance and fomented by the Palestinian Authority," Mr. Netanyahu said. "The Palestinians have to stop inciting their people."

The Israeli cabinet has also demanded that the Palestinians pledge not to declare an independent state unilaterally next May and publicly state that Israel had never agreed to free Palestinian prisoners with "blood on their hands."

Otherwise, Israel said, it would not proceed with West Bank troop withdrawals agreed to under the Wye accord signed in October.

The Palestinian leader, Yasser Arafat, countered that the new Israeli cabinet conditions violated the accord.

"This is an attempt to avoid honest and accurate implementation of what was agreed upon," Mr. Arafat said in the self-ruled Gaza Strip. A Palestinian negotiator, Nabil Shaath, declared the Israeli conditions "null and void."

Both wars — of words and stones — underscored the difficulties facing President Bill Clinton ahead of his Dec. 12-15 visit to Israel and Palestinian-ruled territory. The U.S. State Department has rebuffed the Israeli demands, saying it was "inappropriate to add new conditions to the implementation of this agreement."

But Mr. Netanyahu put the blame on the Palestinians.

"We have a process that is broken down on the Palestinian side," he said before meeting with the U.S. secretary of health and human services, Donna Shalala. "For it to continue on the Israeli side, it has to be repaired on the Palestinian side."

"We are out to be made fools," Mr. Netanyahu said.

The cabinet conditions appeared to have helped Mr. Netanyahu keep rightist coalition partners, who oppose territorial concessions in the West Bank, from leaving the government.

Mr. Netanyahu also offered the hard-line leader of the National Religious Party, Education Minister Yitzhak Levy, a seat in his innermost national security forum. Mr. Levy will join Mr. Netanyahu, Defense Minister Yitzhak Mordechai, Foreign Minister Ariel Sharon and Trade and Industry Minister Natan Sharansky in the policy-making group.

Mr. Sharon was scheduled to travel to Washington late Saturday for talks with U.S. officials, while the U.S. Middle East envoy, Dennis Ross, was expected in Israel over the weekend.

Mr. Netanyahu met with former Foreign Minister David Levy, a relative dove, in a bid to woo him back into the cabinet. It was unclear if or when Mr. Levy, who wants to be finance minister, would return.

Before a crucial Parliament vote Monday over whether to call early elections, the decision to freeze the peace process has brought rightists back into Mr. Netanyahu's fold. Members of the National Religious Party said they would now vote with Mr. Netanyahu and block attempts to end his administration prematurely. Supporters of the bill said they might delay the vote because they no longer had a majority.

The president is scheduled to travel to Israel and Gaza this month to discuss the Middle East peace effort in separate meetings with Prime Minister Benjamin Netanyahu of Israel and the Palestinian leader, Yasser Arafat. He seems likely to be confronted with further questions from the Israelis about the Pollard case during his visit.

The case became a central issue in the peace talks held at the Wye Plantation in Maryland in October. On the last of nine days of strenuous negotiations, Mr. Netanyahu demanded Mr. Pollard's release in exchange for his support for an agreement.

But Mr. Tenet, reflecting the views of the intelligence community, strongly opposed Mr. Pollard's release, and made it clear to the president that he would resign if Mr. Clinton gave in to the Israeli demands, according to several administration officials.

In the end, Mr. Clinton rejected Mr. Netanyahu's demand and agreed only to review the case again.

Mr. Pollard's status has become a recurring issue in American-Israeli relations in recent years, one that is raised at almost every opportunity by Israeli leaders. Mr. Pollard was arrested in 1985 after spying for Israel for at least 18 months. In 1987, he pleaded guilty and was sentenced to life in prison.

He was a prolific spy, handing over thousands of classified documents to Israel, often taking bundles of them out of the office on weekends so they could be copied by Israeli agents and then returned on Monday so they would not be missed.

Intelligence and law enforcement officials argue that he betrayed more secret documents than almost any other spy in recent American history.

Much of the most sensitive intelligence he turned over to the Israelis involved Soviet weapons systems, material that had been gleaned from spies working for the United States in Russia.

While Mr. Pollard argued that he was spying for an ally that deserved intelligence, it had been denied unfairly. American officials have never been certain whether any of the information he gave Israel was in turn provided to Moscow, which had its own spies in the Israeli government during the 1980s.

Under pressure from Israel, Mr. Clinton has reviewed the case twice before, once in 1993 and again in 1996.



Associated Press
Undercover Israeli police officers arresting Palestinians during protests in Arab East Jerusalem on Thursday. Riots continued for a second following the murder Wednesday of an Arab resident by a suspected Jewish militant.

Pollard Clemency Studied

Clinton Asks Top Aides for Guidance About Spy

By James Risen
New York Times Service

victed of spying for Israel, administration officials said.

In a sign that Mr. Clinton may decide quickly if he should give in to Israeli pressure to release Mr. Pollard, the White House counsel, Charles Ruff, has sent a letter to George Tenet, the director of central intelligence. Attorney General Janet Reno, Secretary of State Madeleine Albright and Defense Secretary William Cohen are asking for their views on the Pollard case by Jan. 11.

Mr. Tenet has already made clear his fierce opposition to clemency for Mr. Pollard. In the past, the Justice, Defense and State departments have joined the CIA in opposing clemency.

A White House spokesman, David Levy, cautioned that while Mr. Clinton planned to make a final decision on the case in a "timely manner," he had not set a deadline.

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Under pressure from Israel, Mr. Clinton has reviewed the case twice before, once in 1993 and again in 1996.

Adultery Costs A U.S. Admiral Some of Pension

By Frank Bruni
New York Times Service

WASHINGTON — A one-star navy admiral has accepted a finding of guilt on charges that he improperly steered military contracts to his partner in an adulterous affair. He agreed to early retirement at a substantially reduced pension and to penalties including 30 days of house arrest, navy officials said.

The officer, Rear Admiral John Scudi, 54, effectively pleaded no contest Wednesday to the charges at a closed administrative hearing at Norfolk, Virginia, which was a less severe alternative to a criminal investigation and precluded any possibility of court-martial and prison sentence.

The accusations against Admiral Scudi, who has served in the navy for more than three decades, followed a string of high-profile adultery cases in the armed forces in recent years and heated debates over the military's handling of accusations of adultery.

Comptroller John Singley, a navy spokesman in Norfolk, stressed the severe financial toll of Admiral Scudi's agreement to request a retirement at the rank of captain as opposed to admiral. If the secretary of the navy approves that request — a formality at this point — Admiral Scudi's annual pension of \$60,240 would be \$17,700 less than he might otherwise have received.

"This is hardly a slap on the wrist," Commander Singley said. "This represents a significant economic loss."

But Robert Maginnis, a retired army colonel who works as a senior policy adviser for the Family Research Council, a conservative group, said that the private administrative hearing was a convenient, easy way for the navy to deflect further attention and humiliation.

"It's a black eye removed, and this guy gets off fairly lightly," Colonel Maginnis said. "I think it's very light. The navy is setting another bad precedent by demonstrating that the higher up you are, the less accountable you are."

Colonel Maginnis said he was speaking in particular about accusations that Admiral Scudi, who worked at the navy's headquarters in the Pentagon as the director of its offices of privatization and base management, steered \$150,000 in contracts over several years to a woman with whom he was having an adulterous affair. Admiral Scudi is married.

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company that invests in China. "But ask me now if I want to live in my hometown, and the answer is no."

Beijing's military exercises in 1996 and the lobbing of several missiles over Taiwanese territory during Taiwan's first-ever direct presidential elections further alienated Taiwan from China. China's continued insistence that it will invade Taiwan if the island declares independence has not helped, either.

"My father fought those Communists in the 1940s and my husband is a pilot in the air force," said Gao Yen-chien, 45, a mother of two who turned out Thursday night for a Nationalist Party rally. "So I guess we're supposed to want unification. But I'm not ready to unite with them if they think they can bully us. This is my home."

The main catalyst of Taiwan's separation from China has been 12 years of a multiparty system that has created one of Asia's most dynamic democracies, complete with civic organizations supporting everything from breast-feeding to gay and lesbian rights.

Interviews across this island — with businessmen, high school students, artists and politicians — in the runup to the vote reveal a vibrant culture that is no longer as desperate to define itself as it was in the early days of its democracy.

Others added that despite election rhetoric to the contrary, Taiwan has made great strides in the past 10 years in bridging the divide between the 15 percent of its population made up of families that originated on the mainland and fled to this island after the Communist victory and the majority who lived here before.

Ten years ago, the choices were stark for Taiwan's people: You were either a Chinese and favored unification with the mainland or a Taiwanese and backed independence. Today, Taiwan's people appear comfortable with being Chinese and Taiwanese. And that duality is hard news for Beijing.

Yang Cheng-yen, 31, is a playwright and part of a circle of young Taiwanese artists that pushed for the creation of a separate Taiwanese culture. Two years ago, she went to New York University to study finance. When she returned to Taiwan last year she no longer backed independence for Taiwan. She has joined the ever-expanding political center.

"In New York, I realized that most of

the world was splintering up into smaller and smaller countries, tinier and tinier ethnic groups," she said. "Besides, Taiwan doesn't need to declare independence. It already has it."

In Saturday's elections, voters will choose legislators, county chiefs and two mayors. The mayor's race in Taipei between the incumbent, Chen Shui-bian, a gritty opposition party leader, and Ma Ying-jeou, a dashing young star of the Nationalist Party, is the most prominent contest.

Pundits have said the vote is significant because Mr. Chen has been an independence activist. He personally wrote the clause in the charter of the Democratic Progressive Party advocating Taiwanese independence.

Some thinkers claim that a victory by Mr. Chen could cause instability in East Asia and force a change in U.S. policy toward Taiwan because it would signify that Taiwan's voters have adopted a devil-may-care attitude toward China's threats to invade if independence is declared. If Mr. Chen wins, they say, be poised to run for president in 2000.

Mr. Ma, born in Hong Kong to a family that fled Communist China, is said to represent a wing in the Nationalist Party that favors closer ties to mainland China. A victory by Mr. Ma, who studied law at Harvard and has served as justice minister, means that Taiwan has embraced stability, these theories go.

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"In New York, I realized that most of

Zimbabwe Fugitive Meets Mandela

JOHANNESBURG — South Africa and Zimbabwe were on a potential collision course over gay issues Thursday after President Nelson Mandela met former President Canan Banana of Zimbabwe, who is a fugitive convicted in his country of sodomy.

Mr. Banana, president of Zimbabwe from 1980 to 1987, was convicted last week of sodomy and homosexual assault. He had been free on bail until last night for neighboring Botswana shortly before his conviction. After Zimbabwe requested Mr. Banana's extradition from Botswana, he crossed into South Africa.

President Robert Mugabe of Zimbabwe has begun a campaign against homosexuality, saying it was brought to Africa by the West. He has described same-sex partners as "lower than pigs and dogs."

Argentine Judge Probes Baby Theft

Buenos Aires — An Argentine judge investigating baby theft during the 1976-83 dictatorship has widened his probe to name as suspects two more former military chiefs and a former junta leader.

The decision by Judge Adolfo Bagnasco late Wednesday follows the arrest of the former chief of the navy, Emilio Massera, and another one-time junta chief, Jorge Videla, in the last six months. Those two are being held in custody while the investigation goes on.

Judge Bagnasco called the former army commander Cristino Nicieza, the former navy commander Rafael Oscar Franco and the former junta chief Reynaldo Bignone to give evidence in the case into an alleged baby theft ring organized by the military during the dictatorship.

The judge is probing alleged theft and illegal adoptions of babies of suspected leftists during the "Dirty War."

(Reuters)



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EDITORIALS/OPTION

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Autumn in Beijing

Long ago there was considerable talk about a new "Beijing Spring." China's Communist Party was becoming more tolerant of dissent, or so the theory went. At the time of President Bill Clinton's visit, dissidents announced the formation of the China Democratic Party. A Beijing think tank of sorts began holding open discussions on political reform. China promised to sign a key United Nations covenant on political freedom, and to permit the UN human rights chief to visit. Mr. Clinton's administration pointed to these signs of liberalization as early fruits of his decision to reduce the emphasis on human rights in his relations with China.

Now the Beijing Spring is growing decidedly chilly. Authorities shut the think tank in late October. This week they detained the leaders of the would-be Democratic Party, which the government had never registered, and accused them of treason, suggesting that they may be in for long prison terms.

Among those detained is Xu Wenli, one of those unimaginably courageous freedom fighters who spent 12 years in prison for pro-democracy activities and then, upon his release, immediately resumed his efforts. Since 1995, he has kept a suitcase packed by his front door, anticipating the knock of China's secret police.

China did allow the UN human rights chief, Mary Robinson, to visit and did, as promised, sign the UN covenant. That pact commits China to respect freedom of assembly and freedom of speech. China's activities this week directly violate that commitment, as do the words of Li Peng, a

—THE WASHINGTON POST

Open Trade or Not?

A mini trade war is brewing between the United States and the European Union. The first skirmish, if peace does not break out, will not have all that much effect on U.S. workers or consumers, but the dispute could escalate. And even the first skirmish challenges efforts to apply a rule of law to international trade. The still young World Trade Organization, to which the United States and the European Union and most other nations belong, has established rules to govern trade and has hired judges to decide when those rules are being broken. But whether those decisions can be enforced may depend on the outcome of the U.S.-European dispute.

The immediate fight is over bananas. The United States has been complaining for years about European import rules that unfairly favor European multinational companies and selected banana-growing countries while discriminating against U.S. multinationals and other banana-growing countries, such as Ecuador and Guatemala. In May 1997 the WTO ruled against Europe, finding — as the WTO's even more toothless predecessor had in 1993 and 1994 — that Europe was breaking the rules.

Now the European Union has changed its rules, but in such minor ways, the United States alleges, that the basic unfairness remains.

The Europeans invited the United States to take its complaint back to the WTO. But that would lead to "an endless loop of litigation," U.S. Trade Representative Charlene Barshefsky complained — not what the WTO's designers had in mind. She threatened

—THE WASHINGTON POST

Other Comment**Dumbing Down With Polls**

Polls are the meat and potatoes of almost all modern American leadership. The speed of polling changes everything, including decision-making at the highest levels of government. And it does not matter whether polls are right or wrong; it only matters that decision-makers use them as if they were unquestionably correct and true.

The Republicans' "Contract with America" was a marketing plan constructed with poll numbers and focus groups. The killer argument for a balanced federal budget, repeated every day by Newt Gingrich, was that 80 percent of Americans favored it. They might not understand it, and half of them may think Elvis Presley is alive, but the recitation of big numbers has a weight of its own.

It does not really matter whether the questions or the answers are true or accurate. They are spoken and printed,

—Richard Reeves, commenting in a syndicated column.

The Pinochet Case: Think About the Future, Too

By Flora Lewis

PARIS — In emotional terms, there would indeed be satisfaction in seeing Augusto Pinochet brought to answer to a court of law for the murders and torture committed by his regime in Chile. The simple principle that evil must be judged seems strong and clear.

But in this case there are also strong contradictory arguments which cannot be ignored. That is what makes the issue so interesting and controversial.

Essentially, it is a matter of whether to focus on the past, or what did happen, or on the future, on the consequences in terms of both law and policies if an acknowledged precedent is set with the extradition of General Pinochet from Britain and his trial in Spain.

It is noticeable, in this connection, how reluctant are all the governments involved, with the exception perhaps of Chile, to take a stand. That is no accident. The political implications and responsibilities are painful.

So the British government insists that this is a purely legal matter and, to the extent that there is a political responsibility, it belongs exclusively to Home Secretary Jack Straw, who is in charge of law enforcement and will not be given cabinet advice. Spanish Prime Minister José María Aznar, comment-

ing on a Spanish prosecutor's request for extradition, said he would be delighted if the case would go away and never come to Spain.

Although a French prosecutor has also filed for extradition from Britain, the Paris government quietly compliments itself that it had the foresight to refuse a visa to General Pinochet, with the result that it does not have to face the question of what to do with him.

U.S. Secretary of State Madeleine Albright has said that Chile's right to deal with its own past deserves "significant respect."

Extradition may be an issue of law, but it often has harsh political undertones. An example, although in a somewhat different case, is Germany's refusal to ask for extradition of the Kurdish rebel Abdullah Ocalan, wanted for crimes committed in Germany, for fear of a violent reaction by the large Kurdish community in Germany. (Mr. Ocalan is under arrest in Italy, after being helped to flee from Moscow by an Italian Communist official. Turkey considers him a terrorist, not a political leader, and seeks extradition,

but Italian law forbids delivering a prisoner to a country where he would face the death penalty.)

The Pinochet case is an important innovation, without precedent so far, because it is based on the argument that crimes against humanity can be prosecuted anywhere, at any time. Just when the United Nations is about to celebrate the 50th anniversary of the Universal Declaration of Human Rights, this is an important assertion that responsibility for crimes against humanity is also universal.

There is a gradually evolving affirmation of the concept of international law, still fuzzy in many areas and without any established procedures or powers for enforcement. This concept is appealing, if applied judiciously, but the idea that any judge anywhere can get himself up to try anybody he considers an egregious criminal is appalling.

When the new International Criminal Tribunal is set up, under the treaty signed in Rome last summer, presumably it will have superior claim to jurisdiction. But it is exactly its lack of clarity on how prosecutions will be decided that flaws the treaty. That is why the United States did not sign. The treaty needs better wording, and Wash-

ington should sign when it is adequately improved.

But meanwhile, the question is whether to stress the wish to deal with past atrocities or to consider how future crises will be affected.

The proponents of the case to try General Pinochet in Spain argue that it will create a deterrent for other dictators. That is not impossible. Much more likely, though, is that such a precedent will prevent the kind of compromises which enable the end of civil conflict and the transition to democratic regimes where neither side is really defeated. When there has to be a choice, and that does happen, peace must have priority over punishment.

Principles of justice are important, but to claim one's principle as the only one to serve human needs, regardless of circumstances, is to be as dogmatic as the criminals who claim that they are saving their country, or the world.

There are times when the easy answer that makes you feel good is not likely to be wise. The idea of making General Pinochet pay, for all its righteousness, is not worth derailing and distorting the growing consensus that crimes against humanity must be prevented.

Flora Lewis

Stop Appeasing Pyongyang and Give It a Wake-Up Call

By Ralph A. Cossa

HONOLULU — The United States and North Korea are to resume talks in New York this Friday. A key item on the agenda is the North's suspicious underground construction project. Washington says it has "compelling" evidence that the site, located near the currently frozen nuclear research facility at Yongbyon, is an underground nuclear facility.

But Washington admits that it is not sure just what type of facility it is. Pyongyang insists that the site is not nuclear-related and is willing to let the United States conduct a one-time inspection, provided it receives \$300 million in compensation for the insult of a "groundless accusation."

This is classic North Korean behavior. Pyongyang never misses a chance to turn an opportunity for cooperation into a crisis, especially if there is a good chance it can reap financial benefit from the confrontation. The United States has rightly

refused to pay, although there are now reports that some type of aid through the UN Development Program may be offered as a "persuasive option." That would be a big mistake.

North Korea promised under a 1994 agreed framework to freeze its nuclear activities and take steps to apply a 1991 de-nuclearization agreement with the South that calls for complete transparency. Pyongyang must show that it continues to act in good faith with this agreement. Paying it for doing what it is already obliged to do would only reinforce bad habits.

Washington has no one to blame but itself for these habits. The agreed framework began the process, when two light water reactors (at the cost of some \$5 billion) were promised to generate electricity, along with deliveries of 500,000 tons of fuel oil annually, in return for the original freeze.

work was the best available option at the time. But it created a compensation-for-crisis mentality that U.S. action over American servicemen missing in action in the Korean War and over North Korea's missile export program has since reinforced.

The question now is how to proceed from here. There are two options. One is to remind the North of its obligations under the agreed framework and then arrange for an International Atomic Energy Agency team, rather than American inspectors, to examine the suspect nuclear site. The framework states that the agency "will be allowed to monitor" the North's freeze on nuclear activity, and that Pyongyang will provide "full cooperation" with the agency for that purpose.

The other option is for both sides to acknowledge their accusations and suspicions and meet each other halfway.

The North has long accused the United States of having nuclear weapons based in the South; these charges continue to appear regularly in North Korean broadcasts. The United States, while refusing to confirm or deny the existence of nuclear weapons in South Korea, notes that President George Bush in 1991 ordered all U.S. tactical nuclear weapons removed from overseas bases and returned home. In support of the North-South denuclearization agreement, Washington also agreed in principle to North Korean inspections of U.S. facilities in the South.

Washington, with Seoul's prior agreement, could offer the North (be inspection of U.S. freeze on nuclear activity, and/or South Korean facilities in return for its own inspection in the North, as a mutual confidence-building measure.

And Washington needs to rethink its counterproductive economic sanctions policy. South Korean President Kim Dae

Jung called for a lifting of these sanctions during his address to a joint session of the U.S. Congress in June, to no avail. The North has used the continued presence of the sanctions both as proof that Washington is not living up to its end of the agreed framework and as an excuse for its own economic failings.

A lifting of sanctions would be likely to bring at best a mere trickle of foreign investment into the North. But if sanctions were lifted, North Korean officials would get a useful wake-up call. They would be compelled to realize that it is their own policies that are preventing their recovery. They might then be more inclined to look toward economic reform, rather than diplomatic blackmail, to ensure their long-term survival.

The writer is executive director of the Pacific Forum CSIS in Honolulu. He contributed this comment to the International Herald Tribune.

A Pipeline Fixation Distorts U.S. Policy on Caspian Affairs

By David J. Kramer

WASHINGTON — The region around the Caspian Sea has assumed a large role in the Clinton administration's strategy toward Russia and the other new states in the area, as well as Iran and Turkey. The key to this strategy is promotion of a pipeline from Baku in Azerbaijan to Ceyhan in Turkey.

This route, in bypassing Russia and Iran, would accomplish three U.S. foreign policy goals: strengthen the independence of the Caspian states by reducing their dependence on Russia for energy exports, exclude Iran from any possible windfalls, and solidify ties with Turkey.

The trouble is that the oil companies involved in the Caspian area do not support construction of the administration's favored pipeline, estimated to cost \$2.5 billion or more, the most expensive option by far.

They prefer a less expensive route from Baku to Supsa, in Georgia on the Black Sea. From there oil would be shipped through the Bosphorus to the Mediterranean.

The consortium of companies involved in the Caspian meets this Friday and is expected to postpone for a third

time a decision on the Baku-Ceyhan route. The depressed price of oil and indications that Caspian energy reserves might not be all they were cracked up to be leave American oil executives unconvinced that the pipeline is justified.

The Clinton administration's preoccupation with promoting the pipeline has left it seemingly oblivious to the tenuous state of affairs in the region.

U.S. policy toward these states is predicated on winning the personal favor of each leader currently in power. When a

change in leadership occurs, time a decision on the Baku-Ceyhan route. The depressed price of oil and indications that Caspian energy reserves might not be all they were cracked up to be leave American oil executives unconvinced that the pipeline is justified.

The Clinton administration's preoccupation with promoting the pipeline has left it seemingly oblivious to the tenuous state of affairs in the region.

In Georgia, President Eduard Shevardnadze, whose country will have a key role in the pipeline issue however it plays out, recently put down an insurrection. A reinvigorated and reunited opposition seeks to remove the Aliev regime.

In Georgia, President Eduard Shevardnadze, whose country will have a key role in the pipeline issue however it plays out, recently put down an insurrection. The fourth major challenge to his leadership this

year. Suspicions about Russian involvement in plots against him abound.

Instability in Georgia works to Russia's advantage by dampening oil companies' interest in running a pipeline through Georgia.

In Kazakhstan, President Nursultan Nazarbayev is busy rigging his country's next presidential election.

Presidents Saparmurad Niyazov of Turkmenistan and Islam Karimov of Uzbekistan don't even go through the charade of holding elections, and yet both leaders have been feted at the White House, as have Mr. Aliev and Mr. Nazarbayev.

Mr. Aliev and Mr. Nazarbayev know that their countries' strategic importance and energy assets mean more to the United States than does political reform in their countries.

As an election observer in Azerbaijan, I was struck by the generally warm response I received traveling around the country. A number of people approached me and my colleagues and thanked us for coming to observe their country's election. The United States must not let these people down by whitewashing what is happening in their countries.

The writer, former editor of *The Statesman* in India, is an editorial consultant with The Straits Times in Singapore. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO**1898: Mont Blanc**

MONT BLANC would seem to be the last thing in the world to become a subject of litigation, but three French communities are fighting over the ownership of the summit, and have applied to the State to settle their dispute. Since alpine climbing has become a fashionable amusement, there is money to be made out of the highest mountain in Europe. The three communes in which the base is situated, which are Chamonix, Les Houches and Saint Gervais, have no title deeds to show. The Government will probably get out of the difficulty by maintaining the "status quo."

The downside is that such extensive commercial involvement undermines military morale, war preparedness, specialization and discipline, and encourages factional rivalries over business control and profits.

Given the operation's size and complexity, the Dec. 15 deadline is probably unrealistic. Ultimately, however, if President Jiang Zemin and General Chi have to engage, a lean and mean high-tech PLA with 500,000 fewer soldiers might again entitle China to see itself as the center of the Asian world.

1948: Racial Duel

CLIVELAND, Tenn. — Five persons were wounded on a bus when two passengers, one white and one Negro, began firing at each other. Officials quoted the bus driver as saying the shooting began when the Negro sat beside a white man on the bus. Under Tennessee law, Negroes and whites cannot sit beside each other on public conveyances. The driver said, after the Negro refused to move to another seat, he and the white man next to him drew guns and began shooting.

China Can't Steal What Is Already China's

By Sunanda K. Datta-Ray

SINGAPORE — Beijing's individualistic worldview regards the courtship scene in Shakespeare's "Henry V" when the victorious English monarch assures the defeated French king's daughter that he is no enemy of France. On the contrary, says Henry, he loves France so well that he will not part with a village of it. He will have it all as his.

China's defense minister, Chi Haotian, during a recent visit to Singapore, repeated the customary reassuring noises as the People's Liberation Army counts down to the Dec. 15 deadline by when it is supposed to hand over its multibillion-dollar business empire to a newly formed State Economic and Trade Commission and, as he put it, "eat the grain from the emperor's bowl" — that is, live on its wages.

The classic fait accompli was, of course, in the 1950s when the Chinese built the Aksai Chin road, lopping off 40,000 square kilometers from the Ladakh area of Kashmir, even while Prime Minister Zhou Enlai beguiled his Indian counterpart Jawaharlal Nehru with platitudes about "Hindi-Chini bhai-bhai" (Indians and Chinese are brothers).

A certain pattern is common to all these situations: talk without budging from an inflexible position, and quiet action on the ground to substantiate that position.

Some argue that the best insurance is to engage China at all levels so that self-interest obliges it to underwrite the status quo. Beijing is willing enough to be engaged, but clearly without prejudice as to what it considers its rights, about which it keeps the rest of the world guessing. Presumably, actions and intentions

will become clearer only when the stage is set.

Little is said, therefore, about China's missile bases and surveillance stations in Tibet, its military presence in Burma, its radar facilities in the Coco Islands in the Bay of Bengal, and its satellite monitoring station on the island of Kiribati in the Pacific. The lack of transparency is bound to fuel suspicion that action in the Spratlys is part of a grand strategy to project power far from the mainland, probably in the Indian Ocean.

General Chi's vision of "a revolutionized, modernized and regularized people's army with Chinese characteristics" supports this long-term objective. He made much of American and Japanese defense spending of \$254.9 billion and \$42.2 billion respectively, while one-third of China's expenditure of under \$11 billion is eaten up, he said, by maintenance, salaries and equipment.

But the PLA Inc., as it is called, is said to earn enough money from its host of commercial enterprises to contribute more than \$25 billion annually to supplement the official military budget.

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OPINION/LETTERS

If Gambling Is the Rage, Splurge and Do It Big

By William Safire

WASHINGTON — Let me put a modest proposal that will enable Americans to double aid to education, insure everybody's health, put a million new cops on the streets and install an impenetrable missile defense, all while cutting taxes across the board. Here's the big idea: a national lottery with the world's first billion-dollar jackpot.

Snacks of a banana republic, unbefitting the only global superpower? You are out of step with the people; you have missed the great something-for-nothing cultural shift.

Gambling is now far more American than apple pie. Annual U.S. sales of apple pie (35 percent of the total pie market) can be estimated at a mere \$150 million; the gaming profession (formerly the gambling racket) turns over bets of at least \$50 billion a year. Politicians oppose gambling's political juggernaut at their peril.

The Republican governors of South Carolina and Alabama, old-fashioned trying to resist the tide of lotteries and video poker games in their states, were overwhelmed by candidates advised by the Cajun Clintonian, James Carville, to advocate letting the good dice roll.

And not just in the swingin' South did the bingo brigades triumph in the '98 elections. Missouri showed the way in an initiative legalizing "boat in the moat" casinos on riverboats that sit in man-made basins.

Arizonans voted 2-to-1 to continue their troubled lottery. Californians by the same margin gave Indian tribes the right to build glitzy casinos to snatch back high-rolling pafeces from Las Vegas, in the highest-spending statewide campaign in U.S. history.

Only in Maryland did the gambling fever fail to infect the populace. Governor Parris Glendening, a Democrat, standing in the racetrack gate to bar slot machines, turned back a conservative candidate backed by gambling interests.

The people have spoken. Morality, amorality. Those of us fuddy-duddies who hold that state-sponsored gambling is a perversion of public policy have been routed. Time not just to move on, but to move up to the Age of the Capshooter.

Who can be expected to support my Billion-Dollar National Lottery (BDNL)? Democratic intellectuals should seize upon it. First, it would put the federal government in direct competition with private casino operators, always a desirable match.

Second, a national lottery, with its publicizable billion-dollar jackpot, would undermine the burgeoning state lottery system and concentrate power in Washington, always better equipped to allocate resources fairly.

Republican fat cats should of course be supportive. Everyone in the 38 percent bracket knows that it is in the nature of lotteries to soak the poor, who have been getting away with economic murder since the imposition of progressive taxation.

Under the BDNL, the sure losers — those poor suckers happy to contribute a high percentage of their earnings to a lottery — make it possible to reduce the heavy tax burden of life's winners.

Campaign strategists of both parties will set up their disassembly lines. All know that with the siren call of money "earmarked for education," lottery income soon substitutes for general revenues formerly spent on education.

Thus, in the hands of persuasive focus groups, a surreptitious sin tax can masquerade as a virtuous, pain-free no-tax.

Opposition is likely to come from newly affluent Indian tribes. Senator Richard [Slot for Tots] Bryant of Nevada induced the General Accounting Office to launch a \$70,000 harassment of the federal commission finding rampant compulsive gambling. Instead, his contributor-constituents should get him to induce tax-free tribal profiteers to reduce the \$1.7 billion budget of Interior's Bureau of Indian Affairs.

The most serious challenge to the BDNL will come from the cyberbelters. Government-sponsored gambling will whet the next generation's appetite for ever greater rip-offs of indigenous thrill-seekers. The great national bet would ultimately be covered and raised: On the Internet, helping squeeze a few hundred million taka out of Bangladesh, millennial gamblers can foresee the Trillion-Dollar Global Jackpot.

The New York Times.

**LETTERS TO THE EDITOR****The Chinese Are Right**

Jonathan Minkley's "The Chinese, Too, Have Much to Apologize For" (*Opinion*, Dec. 2) suggests that the Chinese government should apologize to its own people for its bad human rights record, instead of merely demanding an apology from Tokyo for war atrocities. This argument, however, cleverly twists and distorts the issue. No Chinese troops, whether Communist or Nationalist, have never gone to Japan to kill hundreds of thousands of local people in a matter of a few weeks.

Japan is perhaps the only issue that unifies an otherwise diverse body of Chinese communities around the world.

China's bitter feelings toward Japan do not come from nowhere. Of the 14 wars that Japan waged between 1868 Meiji Restoration and the end of World War II, 10 were directed at China.

Today, most Japanese under the age of 45 know about Hiroshima but not the Rape of Nanking, nor Manchuria, nor Pearl Harbor and not Auschwitz. Instead, Japan's collective amnesia continues, at least until all those victims of the Japanese imperial army pass away.

Around the world, the trend is to pursue and bring to justice those who committed mass killings. But not in Japan.

YIL BIN.
Hong Kong.

Use the Russian Army

If we believe Jim Hoagland's numbers in "An American Military Priority: Feed the Russian Army" (*Opinion*, Nov. 21), 1.5 million soldiers getting approximately \$4 per month. This is a requirement of approximately \$6 million a month, or \$72 million a year. These military forces could be employed by NATO.

They could remain under the military control of the Russian democracy and be assigned to Russia. They could be used to maintain Russian democracy. In addition, they could be used by NATO, in agreement with the Russian military establishment, for special projects. These could include maintenance of stability in such places as Kosovo or the Middle East.

Overall, there is the potential for great benefit at a relatively small price. It is in the best interest of all democratic governments to keep the Russian military intact and viable.

JOHN P. SORDI.
Chicago.

Bland Banknotes

Regarding "A Faceless Currency Representing a Virtual Europe" by Régis Debray (*Opinion*, Nov. 28):

A little more than 50 years ago, when the Deutsche mark came into being, the first banknotes

were printed in secrecy in the United States. These bland banknotes were seen by many as toy money. That unspectacular birth did not prevent the Deutsche mark from becoming one of the most powerful symbols of the new and democratic Germany.

Today the German currency proudly stands for what is memorable in the country's long past. In the not too distant future the European banknotes and coins will stand for the history of a proud continent that has finally grown together after so many centuries of division and strife.

KLAUS B. STADIE.
L'Etang-la-Ville, France.

Don't Head Kissinger

The commentary by Henry Kissinger ("The Point Is Not Inspection but the Toppling of Saddam," Dec. 1) should alert readers to the delusions and dangers of realpolitik. This odious approach would trash the UN Charter and violate more Iraqi deaths and suffering, all to ensure U.S. hegemony in this oil-rich region.

The reprehensible attitude behind this attack mentality reveals a callous disregard for civilized methods of human interaction. Mr. Kissinger's unethical counsel should be spurned by the "so-called world community" that he holds in such low regard.

JOHN OTRANTO.
Munich.

Dirty Streets Aren't Just A Job for Government

By Jonathan Yardley

WASHINGTON — A month ago, the economist and social critic John Kenneth Galbraith marked his 90th birthday. Paying his respects in the current *New Yorker*, John Cassidy makes particular mention of "The Affluent Society," Mr. Galbraith's most important and enduring book, bringing to mind both its formidable strengths and its occasional shortcomings.

"The Affluent Society" was published in 1958. I recall reading it when I was 19. Its basic

MEANWHILE

critique of capitalism has remained part of me ever since, a counterpoint to the conservatism to which, with increased age, I have predictably succumbed.

The strongest of Mr. Galbraith's arguments, in Mr. Cassidy's words, is that capitalism, left to its own devices, doesn't work properly; it excludes the poor, ruins the environment and fails to deliver enough collectively produced goods, such as roads, reservoirs, schools and hospitals.

Mr. Galbraith wrote memorably about the immense value we place on "privately produced products" as against our contempt for public services, which leads to "private opulence and public squalor." At best, he said, "public services are a necessary evil; at worst, they are a malignant tendency against which an alert community must exercise eternal vigilance."

He went on: "Such attitudes lead to some interesting contradictions.... We set great store by the increase in private wealth but regret the added outlays for the police force by which it is protected. Vacuum cleaners to ensure clean houses are praiseworthy and essential in our standard of living. Street cleaners to ensure clean streets are an unfortunate expense."

All of which is true, yet it falls short of the truth. Mr. Cassidy says, accurately, that one great error of Mr. Galbraith's is his conviction, as expressed in "The New Industrial State," that economic competition is disappearing and that "an all-powerful corporate bureaucracy" will rule the world.

But the error that runs deepest is Mr. Galbraith's ardent belief in the beneficial and curative effects

of government. As recently as "The Good Society," published two years ago, he contended that the solution to social problems — he identified them with his customary wit, acuity and style — lies in an activist, all-encompassing government that regards no aspect of human existence as too trivial for its attention.

Yet if we have learned in recent years that the rise of the multinational corporations does not doom us to the decline of competition, so, too, have we learned that there are real limits on what government can do.

Doubtless we Americans have overreacted to the excesses of intrusive government, especially under the stimulus of the sentimental rhetoric of Ronald Reagan. But the suspicion with which the public sector is now viewed is not wholly a blind reaction. There are reasons for it.

One of these came to mind while I was rereading the passage quoted above. The image of immaculate houses serviced by privately owned vacuum cleaners and tiny streets unattended by public cleaners is graphic but incomplete. It assumes an either/or. Either we have private self-indulgence or we have public neglect. It does not consider the possibility that there are limits to what public service can provide and that the only way to go beyond those limits entails private, not public, action.

The streets upon which I look as these words are written — the intersection of Fifth and A streets NE in Washington — come close to fitting Mr. Galbraith's notion of dirt, if not outright squalor.

There are bits and pieces of paper lying in the curbs, recycling bins strewn on the sidewalks, glass and plastic bottles in the gutters; in the middle of one block is a huge pile of trash half on the sidewalk, half on the street.

Yet only 48 hours ago the garbage trucks made their way through the neighborhood, and as these words are written the recycling contractor is picking up the loads left for it.

But private citizens treat the streets and sidewalks with indifference, if not contempt. The point should be obvious: Government can't do everything.

The Washington Post.

WATCH OUT DAX, HERE WE COME!

FIND OUT MORE ON DECEMBER 18, 1998.



INTERNATIONAL

U.S. Arms Sales to Latin America Fail to Take Off as Washington Hoped

PAGI

By Steven Lee Myers
New York Times Service

CARTAGENA, Colombia — Sixteen months ago, the administration of President Bill Clinton lifted a de facto ban on sales of the most advanced U.S. weapons to countries in Latin America, and many feared the change would unleash a flood of fighter jets and other sophisticated weaponry into a region still haunted by rivalries and political instability.

But nothing happened. The wave of arms sales that many predicted — for better (more exports for American arms makers) or worse (a dangerous arms race) — has not materialized. And with the economic slowdown that hit Asia last year still rippling around the world, there are few signs that any country in South or Central America will soon be able to afford the sophisticated weapons.

China, whose interest in buying as many as 24 F-16 fighters in large part prompted the Clinton administration to reverse the prohibitions, has not

off its purchase indefinitely. Chile's defense minister, José Florencio Guzman, placed the blame squarely on "the international financial crisis."

"Until that situation is clear, we are not going to be in a position to make a decision," Mr. Guzman said Wednesday in an interview on the closing day of a conference of defense ministers from the Americas in Cartagena.

Only one other country, Ecuador, has even expressed an interest in purchases. The U.S. State Department, which controls foreign sales of military equipment, made it clear late last year that Ecuador would not be considered until it resolved its border dispute with Peru. It did so this year, but since then neither Ecuador nor any other country has applied to the State Department that it is expected to do so soon, officials said.

In three days of meetings, cocktail parties and other functions at the conference, the issue was never seriously discussed, U.S. officials said. Chile's thwarted plans did not even come up at a meeting Wednesday between Mr. Guzman and the U.S. secretary of defense, William Cohen.

RATES: Central Banks Coordinate Cut

Continued from Page 1

"Overall, I'm satisfied," he said. "We saw how the crises in Asia were not without impact. On that basis we welcome this step."

Most economists said the central bankers had strong fundamental reasons for opening the monetary spigots a bit.

"I think it's a brave decision," said Kermitt Schoenholz, global economist at Salomon Smith Barney in London. "There are many who feared that the extensive criticism from political policymakers would prevent the European Central Bank from taking action because they would be worried about being seen as responding to political pressure."

"What this showed is that they realized that they were brave enough to realize that their credibility is not enhanced by making bad decisions."

Even though Germany reported that its economic growth had accelerated in the third quarter, government and in-

dustry economists have all been slashing their projections for next year.

Inflation, already low in Europe, has declined even further in the last year. In Germany, inflation has dropped to an annual rate of 0.7 percent this year, and many analysts say the country is already on the brink of at least mild deflation.

Economists across Europe have slashed their growth predictions for the entire euro zone, to less than 2.5 percent in 1999 from about 3 percent in 1998. With inflation having all but evaporated, economists said the central bankers had maneuvering room to inject extra money into the economy without endangering price stability.

"If you look over the last 12 months, inflation has dropped substantially and interest rates have not," said Mr. Frähnking of Warburg Dillon Read.

"The European Central Bank has demonstrated that it is sensitive to global woes and that it is ahead of the curve."

But at least a few economists and analysts suspected that politics played at least an indirect role. Skeptics noted that political leaders and central bankers have been in some ways shadowboxing around a trade-off between hawkish monetary policy and adherence to tough-minded government budget policies.

Mr. Lafontaine's top economic adviser stunned many economists last month by publicly arguing that European countries might have to relax the tough rules of the Maastricht treaty that calls for limits on budget deficits for countries adopting the euro. Others leaders have suggested that governments might have no choice but to increase spending if the central bank refused to lower interest rates.

"I think it was kind of a poker game between the governments and the central bankers," said Emmanuel Ferry, economist at Crédit Commercial de France in Paris. "I think there was some very tough bargaining going on between the governments and the central bankers, and that there was a trade-off between monetary policy and fiscal policy."

But Mr. Ferry said he was as surprised as most other people that the bankers moved as early as they did.

"The timing is a big surprise, because personally I was anticipating a cut during the first quarter of next year," he said. "Our idea was that the first move

Some of the 10,000 unemployed who marched Thursday in the streets of Marseille to demand a Christmas bonus of 3,000 francs.

**TORIES: Hague Sets Off a Rebellion in the House of Lords**

Continued from Page 1

contrasted his own pragmatic approach in office to "dying gloriously like James IV at Flodden Field," an event that occurred in 1513.

Mr. Hague has had scant success with the party leadership he inherited 18 months ago after the Conservatives' most humiliating national election defeat this century, and this unexpected fracas in his most committed corner has deepened doubt about his ability to reverse the party's falling fortunes. "It has left those of us who have been supporting Mr. Hague very loyally in the

would be carried out by the European Central Bank."

The decision to reduce rates appears to

have been made on Tuesday, when the central bankers from each country adopting the euro met in Frankfurt for a regular meeting of the governing council of the European Central Bank.

After the council meeting broke up

Tuesday evening, Wim Duisenberg,

president of the European Central Bank,

suggested that central bankers were concerned about an economic slowdown, though he gave no clear signal that a rate was imminent.

Mr. Tietmeyer could not officially commit the Bundesbank to a rate cut without bringing the issue to a vote by his bank's board of directors. As a result, the decision had to wait until Thursday, when the Bundesbank met for its fortnightly meeting.

Boeing's current troubles date to its

decision in 1996 to win market share at all costs.

Worried that it would lose ground to Airbus, Boeing agreed to deliver hundreds of planes at reduced prices in the mistaken belief that it could overhaul its antiquated production methods and deliver a record number of planes at the same time.

After laying off 30,000 workers during

a slump in the early 1990s, Boeing hired

32,000 in just 18 months. Though Boeing

has the image of a technologically ad-

vanced company, each of its planes is

essentially custom-made from millions

of parts that are tracked by paper.

They are still building these aircraft

in the primitive way they were using 40

SUDAN: 2 Roman Catholic Priests on Trial for Bombings Could Face Crucifixion

Continued from Page 1

people from the south of Sudan, a black African, largely Christian region that has been at war with the Arab, strongly Muslim north for 15 years.

All but two of the priests' 18 co-defendants are southerners who, like an estimated 1.8 million others over the last 15 years, fled the fighting in the rural south and settled near Khartoum.

The dusty shantytowns that harbor the transplanted southerners, many containing makeshift churches, now account for 40 percent of the Khartoum population, encircling the capital in a pattern that looks something like a noose to apprehensive government officials.

Last month, in a routine demolition of another sort, government bulldozers rumbled over a squatter village in an area

of the capital known as Carlton Kassala.

The timing of the bombings, independent observers say, suggests the government planned them. The blasts, in the middle of the night, injuring no one, occurred not only on the anniversary of the 1989 coup, but also on the day the president, Lieutenant General Omar Hassan Ahmad Bashir, signed a constitutional agreement that apparently opened the door to legal opposition parties. That is something Sudan has not had since 1989.

One day before the device exploded, a National Islamic Front official warned of "terrorist parties." Two days later, General Bashir cited them in postponing the legalization of parties.

The New York-based monitoring group Human Rights Watch said that before charging the priests and southerners, Sudanese security police round-

ed up 33 other people, mostly opposition political figures.

"The timing of the arrests and statements by high government officials suggest the bombings served as a pretext to stop opposition political parties from reopening inside Sudan," the group said. The charges against the opposition figures were dropped, and this week a new law was announced that nominally reinstates a multiparty system.

The priests became prime suspects Aug. 1, when security police swept into St. Matthew's Cathedral in Khartoum to arrest Father Boma, the chancellor of the Catholic archdiocese of Khartoum, who was accused of masterminding the plot.

When lawyers were finally permitted to see the suspects, shortly before their trial, all but one reported having been tortured and pleaded not guilty.

State television showed a videotape of

Father Boma, 57, making a confession.

Clerics here privately say he may have done so after being told that it was the only way to spare his junior colleague, Father Tuanao, from further abuse.

Catholic officials in Khartoum declined to comment on the case, citing the advice of lawyers. Pleas from Amnesty International and European diplomats here have failed to halt the mass trial, which opened Oct. 12.

"I don't want the Catholic Church to take it as a fight between the government and the Catholic Church," said Foreign Minister Mustafa Osman Ismail. "If they know that Father Hillary did it," he said, "and they want to take it as a political matter, then that will make it very difficult for them later if they want to ask for forgiveness."

on sales of advanced weaponry but required the State Department to consider prospective sales with a presumption of denial. Still, the United States granted approval for only one major sale during the time the restrictions were in effect.

Others, however, point to hard economic realities, which have depressed sales globally, especially for aircraft manufacturers such as Boeing and Lockheed Martin.

Over the last year, a number of Latin American countries, including Brazil, have had to rethink plans to modernize their forces because of economic difficulties. Chile has seen a debilitating drop in the price of copper, one of its leading sources of revenue.

"The fact that there's no major sale is as much a result of economics as a result of policy," said Richard Grimmett, an American analyst who monitors the international arms trade for the Congressional Research Service. "Despite the wistful shopping that a lot of them do, they don't have the resources."

The executive order that President Carter signed in 1978 did not represent an absolute ban

BOEING: Faltering in Race With Airbus

Continued from Page 1

years ago," said E. Han Kim, a professor of finance and international business at the University of Michigan Business School.

Many of the new workers did not have the same refined skills as those they replaced. To make matters worse, Boeing's factories were soon overwhelmed by parts shortages. Production fell so far out of kilter that the company was forced to freeze production of its 747 and 737 models for a month in October 1997 to catch up.

The blunder cost the company \$4 billion in accounting charges and angered many of its customers. Airbus has since won orders from longtime Boeing customers such as United Airlines, United Parcel Service and British Airways.

Boeing, in the meantime, is still trying to recover. Harry Stonecipher, Boeing's president, said Wednesday that the company still took 20 percent to 30 percent more hours to produce a plane than it did in 1994.

The two competitors approach the market in different ways. Airbus, which is hampered by European restrictions on laying off workers, has decided to expand its production steadily. It plans to produce 234 planes this year, 293 in 1999 and 317 in 2000.

Boeing is more nimble, increasing production and hiring tens of thousands of workers in boom times, then laying them off when the downturn comes. It says it will produce 550 passenger jets this year and a record 620 next year before slowing to 490 in 2000.

Boeing's current troubles date to its decision in 1996 to win market share at all costs. Worried that it would lose ground to Airbus, Boeing agreed to deliver hundreds of planes at reduced prices in the mistaken belief that it could overhaul its antiquated production methods and deliver a record number of planes at the same time.

After laying off 30,000 workers during a slump in the early 1990s, Boeing hired 32,000 in just 18 months. Though Boeing

has the image of a technologically advanced company, each of its planes is essentially custom-made from millions of parts that are tracked by paper.

They are still building these aircraft in the primitive way they were using 40

years ago.

And because Boeing must still produce 620 planes next year, most of the layoffs will probably occur in the last half of the year, just when Boeing is scheduled to begin negotiating a new contract with the International Association of Machinists, which represents 40,000 of its hourly workers. The union went on strike against Boeing for 69 days during the last round of negotiations in 1995.

If things do not improve at Boeing soon, the machinists may not be the only ones fearing for their jobs. "I don't know how many chances you get to get your credibility back," said Nicholas Heymann, an aerospace analyst at Prudential Securities.

JAPAN: Economy Still Sliding

Continued from Page 1

Morgan Stanley Dean Witter, expects government spending and tax cuts to stem the economy's fall, but only temporarily. He is predicting flat growth for next year, but "then the economy will be right back in the tank in the year 2000" unless the government pours ever larger sums into the economy to keep it propped up.

That, however, will be difficult, with the nation's debt mounting to historic levels. The nation's outstanding debts are to hit 560 trillion yen (\$4.6 trillion), exceeding GDP by 13 percent, when the fiscal year ends March 31, 1999, according to the Finance Ministry.

"The fact that the national debt is 13 percent of GDP is serious, but what is more troublesome is that the figure will only grow more," Mr. Ushikubo said. "It's getting out of control."

If the increase continues, Japan will either have to raise taxes or significantly cut spending to service the debt, both of which can hurt the economy and create a hardship on the population.

The most troubling thing is that Japan appears to have no "exit strategy," said Mr. Young, except stimulus packages.

"Despite a number of economic stimulus packages, deflationary pressures mounting in Japan as declines in production, income expenditures and prices, albeit moderate, have apparently started to run in a vicious circle," said a study released Thursday by the Japan Center for Economic Research. The study predicts that Japan's economy will continue to contract until 2001, and then gradually recover.

Economists said Japan's major problem was overcapacity in plant and equipment, meaning it cannot use all the cars and textiles it produces. Private capital expenditures fell 4.6 percent during the July-September period, the fourth consecutive quarter of declines.

"For the economy to improve, the corporate sector needs to be strengthened," Mr. Ushikubo said. "They can do that through downsizing, restructuring, and laying off excess employees. Since the economy will not recover this year or next year, the important thing is to lay the groundwork for a recovery during this hopeless period." He said that instead of spending money on public works, the government should help companies restructure by reducing taxes and increasing unemployment benefits.

Tories' Hague Sets Off a Rebellion in the House of Lords

Continued from Page 1

Lords not sure which way to turn," said Lord Fraser.

At issue in Thursday's case was an attempt to forge a compromise between the governing Labour Party's desire to abolish the right of hereditary peers to sit and vote in the House of Lords and the Conservative leadership's strategic decision to protest that action by obstructing Labour's legislative program as much as possible.

The hereditary peers are the marquesses, earls, viscounts, dukes and barons who pass their titles down from generation to generation. The other members of the House of Lords are life peers, men and women appointed by prime ministers and having no right to their positions along to their heirs. They will retain the right to vote under the Labour reform.

The House of Lords has the power to delay but not defeat bills passed by the House of Commons. At Mr. Hague's insistence, the upper body had been exercising that power in the most deliberately obstructive way possible, repeatedly sending measures back to Commons and threatening to bottle up other legislation central to the government's program.

In an effort to avoid the looming confrontation, Lord Cranborne, with Mr. Hague's blessing, entered negotiations with Prime Minister Tony Blair and came away with a plan that gained the approval of his Conservative colleagues in the

Lords. The deal would allow 10 percent of the 750 hereditary peers to keep their voting rights for several years in exchange for a promise from the lords that they would not throw up any more roadblocks to legislation coming to them.

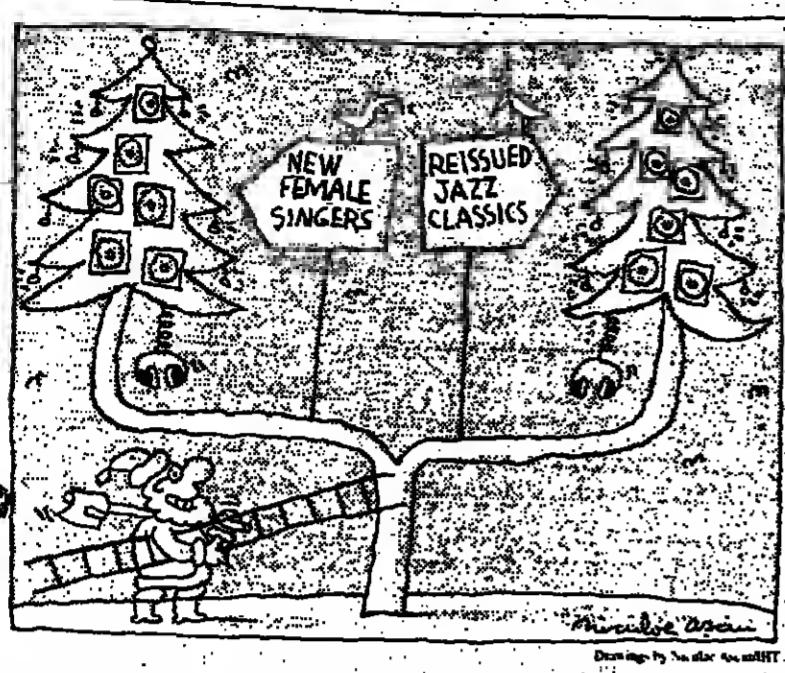
The error that was to cost him his job was his failure to tell Mr. Hague that he had not just discussed a deal, but rather that he had struck one. "He was authorized to negotiate, but he had no right to agree to anything," a spokesman for Mr. Hague said.

Mr. Blair and Mr. Hague squared off at their weekly questions time debate in the House of Commons on Wednesday with the prime minister fully aware of the deal but the Conservative leader only hastily informed that morning. When Mr. Hague opposed it, the prime minister went after him.

"What it proves is that even when hereditary Conservative peers in the House of Lords are prepared to agree to change, you are out," Mr. Blair said. "That's the absurd position you have reduced yourself to. If anything indicates how you get every

Leisure

TOMORROW:
REPORT



The New Women And the Old Classics

There Are 2 Distinctive Melodies In Recordings for the Holiday Season

By Mike Zwerin
International Herald Tribune

PARIS — There are two main strains of refrains on the record-album market this season. At least that's one way to cut the cards — new female singers and reissued jazz classics. What does it mean about the respective forms when the best pop singers are women and the most noteworthy jazz releases are reissues? It means that when you consider all the rest in addition, there's a lot to listen to. And then, hats off to Frank Zappa and the Mothers of Invention — "everybody's relatives" are a refrain by themselves.

AHMAD JAMAL TRIO, "Live at the Pershing" (2 CDs; Chess/GRP). If ever an album deserved to be called seminal, it is this reissue from 1958. "But Not for Me" (the subtitle) and "Surry With the Fringe on Top" were Jamal's best-known early minimalist masterpieces. He was a lesson in implication, in how to leave out the unessential. The low customer hubbub soothes the trio, helping them build a bridge between cocktail (entertainment) and jazz (creative) piano. (The difference, as Toots Thielemans once said, "depends on who's drinking the cocktails.")

LAURYN HILL, "The Miseducation of Lauryn Hill" (Ruffhouse/Columbia). Hill's first solo album sold 420,000 copies in its first week of release — breaking Madonna's record for the most sales in a span by a woman. Hill was the female rapper in the Fugees, which was made up of three extremely talented but now, alas, former best friends. She is perhaps the most successfully adventurous rapper working today, overflowing the stylistic boundary. It's rip with the normal advanced bass and programmed drums but on an unusually refined level, not something lame and tame just profiting from the name. Yet she also tackles vocally embellished, spine-singling soul ballads with instrumental and choral finesse.

JOHN COLTRANE, "The - Classic Quarter — Complete Studio Record-



" (Impulse!): A sensationally packaged super-sound-quality eight-CD box featuring a 100-page booklet and 66 tracks including "The In-Betwem," "Greensleeves," "A Love Supreme," "Ascent" and "Meditations." The quartet-in-a-studio format spares the listener Trane's sometimes frustrating excess of search in relation to find. And there is studio-quality control (bare depth of sound), plus the only horn is blown by the hornblower we really want to hear. No weak live sets with hour-long bandstand solos to preserve only because they are there. An intelligent filtering rather than an entire inconsistent body of work, the luxuriously touchy-feely product deserves a Grammy on its own.

JONI MITCHELL, "Taming the Tiger" (Reprise): One of the most imposing and durable female singer-songwriters of our time, now 55, has a stark release after years of silence. The evidence is that she too has learned about minimalism. Space and texture are woven with Wayne Shorter's saxophone and Brian Blade's drums. The instrumentalists are part of the front line with her rather than something secondary in the background. New and yet somehow well broken in, it's classic. She seduces young and old alike with

MILES DAVIS, "Complete Birth of the Cool" (Capitol): Fifty years ago, September 1948, Miles Davis led his first band during a two-week stand at the Royal Roost on Broadway. Now live tracks from the club have been added to the original LP and all of it is remastered and reissued on CD to mark the anniversary. There was a French horn and a tuba in the front line, and people remarked about how "cool" it sounded. That was before "cool" joined "awesome" in the great Adjective Graveyard in the sky. True as any random milestone can be, this nonet marked jazz's passing from "hot" (as in Louis Armstrong and the Hot Five) to "cool." For better or worse, it has been cool ever since.

FRANK ZAPPA, "Mystery Disc" (Rykco): The Zappa you always wanted to hear but were afraid to ask for. A wondrous succession of on-the-lam humor plus unchained musicianship. Loopy out-takes and low-budget excerpts from presentations never before heard. Collages and dialogues. The party scene from the movie "Mondo Hollywood." The "Uncle Meat" sessions. Along with Zappa on guitar, announcements and pronouncements ("We must overthrow the dictionic system"), Don Preston, keyboards, Jimmy Carl Black, percussion, and Ian Underwood's saxophones. The "audio verite" story of Willie the Pimp." And let us not forget the classic "I Was a Teenage Mait Shop."

COOL! (Impulse!): A cartoon illustration by Tom Stoen showing a character with a speech bubble saying 'COOL!'.

Zimbabwe Highlands Testing the Waters for Trout

By Donald G. McNeil Jr.
New York Times Service

HARARE, Zimbabwe — I am nominally Scottish. I also, nominally, like to fish. This should make me a perfect candidate for trout fishing in the mountains of eastern Zimbabwe, which are called the Scottish Highlands of Africa.

Zimbabwe's highlands are the Nyanga Mountains, *irwango* meaning a witch doctor, or his horn trumpet. They are so beautiful that Cecil Rhodes, the diamond magnate turned empire builder fell in love with them and, naturally, bought them. His former homestead is now Nyanga National Park, where the weather is usually 20 degrees cooler than in the capital, Harare.

I asked an acquaintance, Robert Marsden, if he would like to go. I had thought Robert was Scottish, since I saw him get married in a kilt — usually a dead giveaway. It turns out he did it to please his bride, Mandy McGilp. It is through Mandy that I had learned just how serious an angler he is. They took their honeymoon in a fleabag hotel on an island off Mozambique, and when Mandy went to write "Honeymoon" on their family calendar, she discovered that Robert had written "Fishing!"

We were not heading out at the most felicitous moment. Early November is the end of the hot, dry season, and I didn't know whether there would be water left in the streams, nor how warm it would be — trout begin to die at 73 degrees, Robert told me.

A QUESTION OF TIMING

Our timing was inauspicious in other ways. The Zimbabwe dollar has fallen from 11 cents to less than 3 cents against the U.S. dollar in two years. And on the Friday morning we were to leave, the tabloid headline on my Johannesburg doorstop screamed "Troops to Zim on Full Alert," above a picture of a burned-out bus. Harare, where we were to fly in, had protests over the doubling of bus fares.

I started to cancel everything, but then called a friend who edits a newspaper there. "That riot was Wednesday," he said. "Early Wednesday. It's been perfectly quiet since then."

Reasonably reassured, we went ahead. In fact, Harare was calm — and 95 degrees Fahrenheit (35 degrees centigrade) — when we started our three-hour drive to the Nyangas. The scenery started out flat, punctuated by the fascinating balancing rocks for which the country is so well known that they appear on its currency.

We stopped at Halfway House, a thatched-roof compound built in the middle of nowhere in 1891. There, one can enjoy banana split or fresh raspberries on the lawn. Or pet the zebras and elands eating cabbage in a tiny zoo. Or browse the antique shop, which sells the cast-off touches of the English style that once ruled the country: silver tea services and mahogany camp tables.

After Halfway House, the road slowly climbed into an African version of the Highlands — craggy peaks dotted with umbrella thorn trees. We stopped to take pictures and accidentally flushed

a tiny duiker antelope from cover. We were later to see baboons, gnus and a scrofulous-looking luncheon party of vultures shoulderng each other aside for the best bits of a cow that had been hit by a car. You don't see that in Scotland much.

Africa is generally a continent without kitsch, but we saw tiny indications that the locals were playing along with this Highland fling — there was an estate named Bonny Doon, of course, and one sign advertising trout fishing "in our loch."

Our destination was what my Lonely Planet guidebook had called "the lovely Troutbeck Inn." It was built in 1950 by a Major Robert McIlwaine, who missed the hills of his native Ireland and did his best to imitate them, building dams to create five lakes and planting forests of pines. His long, low hotel was built into a grass-covered hillside above two lakes.

We got in at dusk. The front hall's log fire beneath a portrait of the late major with his fly rod has been burning continuously since 1950, no matter what the weather or state of the liberation wars.

"It goes out," the receptionist said, "someone gets fired."

We made our way past a cozy bar decorated with framed flies, then down green-and-white halls hung with fox-hunting prints and stuffed trout — the biggest a 6-pound, 8-ounce (2.9-kilogram) rainbow. Our comfortable rooms had big double beds, big satellite televisions and big glass doors opening onto the lawn-bowling green and the lake. Each veranda had two chairs and a boot-scraping for clearing the mud from one's insteps.

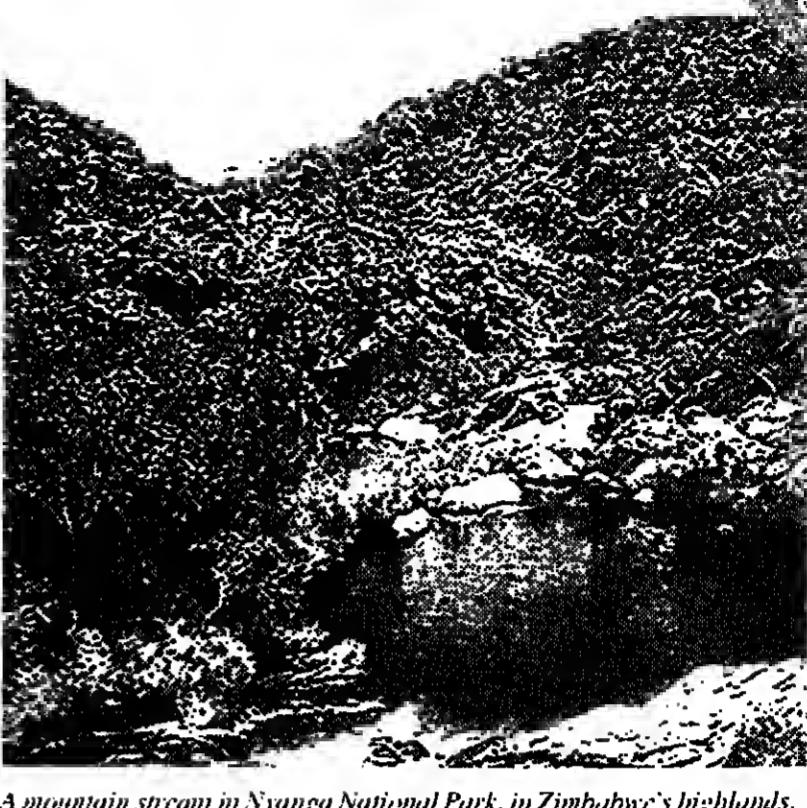
Under a sky speckled with shooting stars and faint satellites, we walked to the lake, which Robert pronounced perfect. It was punctuated with thin wood jeties that, he explained, gave one the height to cast far out and keep the backcast from tangling in the reeds. A few small, worn rowboats lined the bank.

We went in to dinner. The fixed-price menu had a vegetarian choice and two meat dishes. I thought the hotel could use a new chef less devoted to old-fashioned British food, but he may know his audience. My roast beef, for example, came with a nice miniature Yorkshire pudding, but was cooked nearly gray and the horseradish sauce didn't bite. (This was to prove an omen.)

WINING AND DINING The service was gracious and well-meaning, but confused. The headwaiter kept taking us to an oddly shaped rear table, the only one set for three, until we asked if he could let us take one for four near the window, since the room was empty. He panicked briefly, then had five waiters reset a used table instead of just shifting one of the Reserved signs.

When we asked for South African wine — I only drink Zimbabwean Mukuyu red in emergencies — there was another fire drill. That page had been removed from the wine list because the currency had fallen so fast that imports were outrageously cheap.

But after three requests, a waiter went to the bar and brought back a tray of bottles, which sent the guests who had by now filled the room into a flurry of



A mountain stream in Nyanga National Park, in Zimbabwe's highlands.

waving him over. The poor guy had no idea what the prices were, but it hardly mattered. Excellent South African wines rarely cost more than \$15.

The next morning, we hit the jetties at 5. It was already light, and we resolved to start at 4:30 the next day. But most of the other guests were there for a golf tournament, so we were alone, and it was gorgeous. In dawn's glow, a few fish mouths and a lot of frog mouths dappled the otherwise flat surface, and the only sounds were those of dabchicks and red-necked coots.

The coot defies description: its knobs and white face make it look like a bug-eyed grasshopper in a baseball cap. The dabchick, Africa's smallest waterfowl, looks like a fairy godmother experiment gone wrong: a mouse changed into a duck. It flashes across the water squeaking like a panicked rodent, while the coot's call sounds like a baby sneezing into a harmonica. At moments, it got riotous.

Our competitors were a marial eagle on a tree stump and a gray heron in the reeds, but they didn't have any more luck than we did.

The hotel's fish warden, Shamiso Musengure, saw me struggling to cast, put down his clipboard and showed me how to float out line and then flick it overhand. Robert later said it was a roll cast. "It's easy, but it messes up the water," he said.

The idea is to keep your fly airborne while paying out 40 feet of line, and then lay it on the water as gently as a butterfly alighting on a rose. I did get one strike, and saw it jump — a rainbow that I guessed to be about 40 pounds of fighting demon. Robert said it was probably just shy of 2 pounds. In any case, it got away, so we'll never know who was right.

Robert is the kind of serious fisherman who gets his first catch immediately to see what it likes to eat, and then checks his fly box to see if he has anything resembling it.

With the day free, we drove to World View, which offered stunning mountain vistas and a stone viewing tower. The nearby Nyanga Park used to be Rhodes Nyanga Park. There is a populist move afoot to dig up the Colossus' grave in the Matopo Hills and throw his bones into a

river. But President Robert Mugabe has said it will not be disturbed because "Rhodes still pays his taxes" — that is, the site is a tourist attraction that draws in hard currency.

We fished again that evening, competing for good spots with tired golfers. No nibble, and a misty cold front blew up the valley.

At 4:30 the next morning, we felt like fools for rising earlier. "Real Scottish weather," Robert said cheerfully as we shivered, a cold drizzle running down our necks and the wind blowing our lines into the bushes so that I spent three minutes untangling for every one spent casting.

That day we explored the national park, visiting lakes and 500-year-old hilltop stone forts. Foolishly, we had left the rods behind, because in one clearstream, we found some pools with trout so eager that they mouthed tiny pebbles we threw in. A fishing license in the park costs only \$1.25, and a comfortable chalet that sleeps five rents for \$11 a night.

We also toured the Marc Dum Trout Research Center, where the government breeds fish. That afternoon, done in by two days of 4 A.M. wake-up calls, I fell asleep. By the time I got to the water, Robert was standing on a small sandbar looking pleased with himself. "You missed all the action," he said. He had two nice rainbows.

I kept trying, but no luck. As dark fell, I walked along the dam wall. Just below was small hatchery where one could hook fish practically out of a bathtub for \$1.40 each. I was tempted, but I have my pride. After all, this is supposed to be a Zen art, one whose aim is perfection, not dinner.

After another dinner — at which I learned I like store-bought trout better because it tastes less like lake bottom — we resolved to sleep in if the weather stayed Caledonian. It did, so we lagged until 6:30. Almost immediately, Robert caught another, even bigger trout. I congratulated him through clenched teeth.

He let it go, graciously saying it was about the same size as the one that got away from me.

The Fall-Winter Look for Tokyo's Teentown

By Kaori Shoji

TOKYO — In a city where every second person seems to wear or tote some kind of luxury brand or wed one onto him- or herself, there is an area where the word *oobie* isn't necessarily Chanel, straight up.

Tokyo's street kids (particularly girls), seen in and around the Shibuya district, have long been writing new scenarios in regard to dress. This fall, their tastes run to sarcasm.

Having tired of the French Slip Dress Look — short, cheap slivers of transparent rayon worn with chunky wooden sandals that was the rage this summer and prompted a television commentator to say he felt transported to a '50s red-light district — they are now trading in Skimp for Schoolgirl.

"In" now are well-behaved knee-length pleated skirts, navy-blue coats and sweaters in every shade of gray, the season's signature color. These are offset by splashes of burgundy-colored bows and black boots that were last seen on the legs of the Wicked Queen in "Snow White."

Shibuya girls are experts when it comes to mixing messages: demure with bitchy, innocence and artfulness, chic with kitsch.

Shibuya, otherwise known as Teentown With a Vengeance, is fiercely territorial and single-minded in its quest for hip. A giant shopping mall and amusement park rolled into one, it boasts more retail outlets, swanky boutiques, trendy cafés and "love hotels," the most number of females in great big boots and the least number of businessmen per square foot than any other district in Tokyo.

Here, fashion trends are born and discarded at a ferocious pace. Every street is a runway, every corner a video-clip location site. Strut and strut is the norm. The very air is dense with modishness, inducing a high that can only be described as "textile tilt."

Waist high in fads and wardrobe concerns, the kids here, however, are not the fashion victims they seem at first sight.

They have asserted themselves: if not

masters then certainly benevolent employers. For them, fashion is not a means to a beautifying end but a public relations office that does all the talking, promoting, even apologizing, for their wearers.

Rather than have them talk in plain language, the quickest way to tap these kids' brains is to check out their togs. It's all there, more eloquent than a resume: their favorite movie, favorite musician, current diet, monthly allowance and the futures they aspire to.

"Street kids" they are called but the tag is far from true. For the most part, they are educated, mild-mannered youngsters from middle-class families who head dutifully back home after 9 P.M. But they will go to any lengths to avoid looking that way.

It follows that the designers they support are punkish youths fresh out of school with garage-brand names, names that are as fun and outrageous as the clothes they make: Bathing Ape, Luxe Rubbish, World Wide Love, Nice Clap (this used to be "Clap" until they discovered it sounded too much like a disease), Yah Yum, 20471120 — referring to Nov. 20 in the year 2047, the meaning of which remains a mystery.

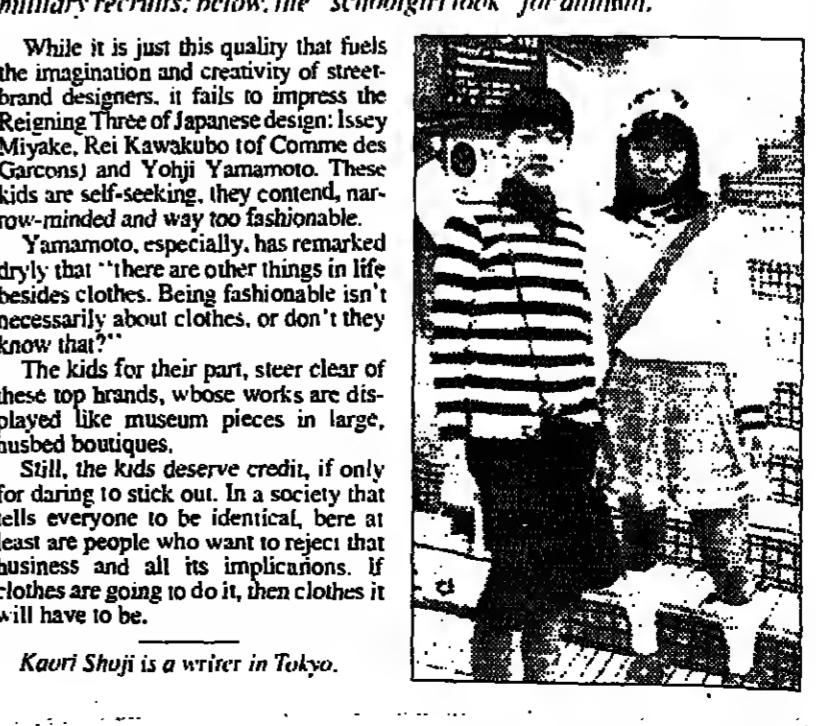
FOR EXHIBITION ONLY

These are just some of the 100-odd street brands now in circulation. Do they have a common factor? They're nothing Naomi Campbell would twirl and flash on a runway. Often brash, bizarre and deliberately unfashionable, the clothes are for Shibuya street exhibition only. Perverted versions of Lolita, B-movie military recruits, L.A. street thugs, Times Square pimps, western saloon girls or someone trying to fight his way out of a burning building — the rule is to be as extravagant with the metaphors as possible, whatever they may be.

The most expensive and coveted ensemble this fall is tattered skirt over elevated engineer boots, jacket with safety pins instead of buttons, and sleeves chopped off and unraveling just above the wrist. One is almost embarrassed to show up in khakis and an old sweater.



The Nice Clap offers clothes for would-be Lolitas and B-movie military recruits; below, the "schoolgirl look" for autumn.



Kavri Shoji is a writer in Tokyo.

ARTS GUIDE

AUSTRIA

VIENNA
Kunsthaus, tel: (1) 52-177-404, closed Mondays. To Feb. 21: "Schätze der Kalifen: Islamische Kunst zur Feilidenzeit." Documents the art, culture and religious life of the Fatimids, a successful dynasty of Islam that reigned in Egypt from 969 to 1171.

BRITAIN

EDINBURGH
Scottish National Gallery of Modern Art, tel: (131) 332-2266, open daily. To Feb. 14: "John Maxwell 1905-1982." One hundred paintings, watercolors, drawings and illustrated books by the Scottish artist. Maxwell was influenced by French painting and his works show affinities with the art of Redon, Rouault and Chagall.

LONDON
Tate Gallery, tel: (171) 887-8000, open daily. Continuing/ To Feb. 28: "In Celebration: The Art of the Country House." A range of works on loan from some of the great British historic houses: paintings, drawings, sculptures, manuscripts and other memorabilia representing five centuries of collecting.
www.tate.org.uk

DENMARK

HØRSHOLM
Louisiana Museum of Modern Art, tel: (49-367-19-19), open daily. Continuing/ To Jan. 10: "Joan Miró 1893-1983." A retrospective of more than 150 paintings, drawings and sculptures by the Spanish artist (1893-1983). Often classified as surrealism, Miró's work spans a much wider range.

www.louisiana.dk

FRANCE

PAVILLON DES ARTS, tel: 01-42-33-82-50, closed Mondays. To Feb. 14: "1917-1991: La Photographie Soviétique. Miroir de Son Temps." Approximately 200 photographs that go beyond the official version of Soviet era events.



In Lausanne: "Portrait de Jo, La Belle Irlandaise" by Gustave Courbet. From the 1917 Revolution to the end of the Soviet Union.

GERMANY

MÜNCHEN
Haus der Kunst, tel: (89) 21-127-157, open daily. Continuing/ To Feb. 7: "Die Nacht." Depiction of nocturnes — scenes involving stellar light or artificial light sources such as candles, fireplace and lamps — in western painting from the 15th to the 20th century. Features works by Cranach, La Tour, Rembrandt, Fuseli, Blake, Munch, Hopper and

BOOKS

WITH OSSIE AND RUBY:
In This Life Together

By Ossie Davis and Ruby Dee, 476 pages, \$25, Morrow.

Reviewed by Jonathan Yardley

OSSIE DAVIS notes that although he and his wife, Ruby Dee, "have been regarded as successful actors working continually in the entertainment industry for over 50 years," they are not "celebrities" in the common, tabloid sense of the word."

"Neither of us," he observes, "has appeared in a 'breakthrough' role, or series of roles that finally elevated us to the ultimate heights of stardom." They have appeared in scores of roles, but each has approached stardom only once: Dee as the mother in Lorraine Hansberry's "A Raisin in the Sun" and Davis as the title character in his own "Purdie Victorious."

Their stories are interesting, instead, for deeper and more complicated reasons than mere celebrity. Though they are skilled and immensely appealing performers — and though Davis, into the bargain, is a gifted if underrated writer — this is not where their real distinction lies. Above all they are notable for solidarity of character, loyalty to each other and their (by now) large extended family, and commitment to what they call "the Struggle," which they define as "the fight to end slavery, the battle to vote, the antilynching crusade; campaigns against racism, bigotry and prejudice; the battle to end McCarthyism."

As anyone knows who has followed their long careers they are quite different people. Dee is small, light-skinned, strong but gentle, quiet, beautiful in ways at once ethereal and girlish. Davis is large, dark-skinned, bumptious, roughly and unconventionally hand-

some. Dee, who is in her seventies (and keeps her exact age a closely guarded secret), grew up in Harlem; Davis, who is 81, grew up in rural Georgia. But there are also important similarities. Both came from loving but poor families with strong fathers, both were exposed early to racial prejudice, though not surprisingly it was Davis in the Deep South who felt it most pointedly and painfully, and both had the good fortune for black Americans of their generation to receive college educations. Dee at Hunter College in New York City and Davis at Howard University in Washington.

In this memoir, which is narrated in alternating voices — the authors thank Sydne Mahone for helping them "with the organization of the material" — the two look back across what are, obviously, long and productive lives, nearly a half-century of which has been spent as husband and wife; they were married in New Jersey, where "you could get married in one day," on Dec. 9, 1948. Like many people who have chosen the theater as their livelihood, they began hesitantly, had protracted and occasionally discouraging apprenticeships, and only gradually achieved prominence and respect; also, like many other actors whose work has chiefly been in the theater rather than the movies and television, they understand that their roles have been more important than they are, that the true actor's task is to subordinate himself to the characters he plays instead of making them merely a projection of himself.

"Ruby and I have been lucky," Davis says. "We have managed to stay close to the very heart and center of the Struggle, invited in by whoever needed our talents; and yet we have remained in very essential ways detached and self-sufficient. Children of the Struggle, indeed — it is not inconceivable that, had it been called for, we would have given our

BRIDGE

By Alan Truscott

AT the American Contract Bridge League's Fall Nationals, which took place in Orlando, Florida, over a 10 day period, the array of events concluded with the Reisinger Board-a-Match Team Championship.

When the nationals were held seven years ago, there were almost 15,000 tables in play, setting a tournament record. The diagrammed deal featured a remarkable defensive effort by Bob Hamman then and now the world's top-ranked player.

He sat West and defended three no-trump, reached after bidding that was both revealing and misleading. The two-diamond bid was artificial

and forcing. Two spades showed support and two no-trump was forcing.

Hamman led the diamond

NORTH
♦ Q 9 7 2
♦ A 8 4
♦ A 3
♦ 10

WEST
♦ A 10 8
♦ K 5 2
♦ J 10 5 6
♦ Q J 8

EAST (D)
♦ 5 4 3
♦ 16 7 6 3
♦ K 5
♦ 9 6 5 2

SOUTH
♦ K J
♦ Q 3
♦ 9 7 4 2
♦ A K 7 4 3

Neither side was vulnerable. The

jack and South played the queen from dummy, a move he later regretted. East won with the king and returned the suit, driving out the ace.

South led a spade to the king and Hamman won with the ace. He now believed that South's distribution was 3-2 or 3-3-2-2 and led the diamond ten in the expectation of cashing two winners. It was a blow to see his partner discard, for he had now established the nine in the closed hand. The position is shown at right.

Hamman now calculated that his cause was hopeless if South's remaining spade was a small card. The declarer would be able to finesse the nine and run the suit.

He considered the prospects if South held the spade

jack. Passive defense would fail, but there was a remarkable possibility. He led the heart king, ruining South's communications. There was no longer any way to bring home the spade suit, and the contract had to fail.

Hamman now calculated that his cause was hopeless if South's remaining spade was a small card. The declarer would be able to finesse the nine and run the suit.

He considered the prospects if South held the spade

ACROSS

1 His last words were "Thus, I give up the spear?"
12 Ward Cleaver and others
14 Hold back
16 First sign
17 Identity
18 Abbrev. on a relief map
19 Caesar's partner to Limited support?

20 Mantua

22 Asteroid first seen in 1886

24 If may be seen breaking out

26 North

27 One available for the taking?

29 Take a stripe from

30 N.Y.P.D. notice

32 Foundation, often

34 Alphabet run

36 Lane in the main

38 Kind of wave

40 Cartographic extra

41 Cork out

42 Strands at Covent Garden

44 Lady chapel locale

47 Old-fashioned

BOUNTY

48 Part of O.N.I.: Abbr.

50 "Harlot's Ghost" subj.

51 — words

52 It meant a lot to Freud

53 In time.

54 Sodium

55 Penitentiary alternative

56 More than passed

57 Sharp

59 Part of a blouse,

60 Certain wave, for short

61 Kind of wave

62 Saturn or Mercury

63 An Sin and Miss Saigon

64 Distant friends

65 Takes a big bow

66 Very early

67 Erode

68 Hurt halved

69 1994 Stanley Cup champion teammate

70 Bring upon oneself

71 The Morning Watch novelist

72 Accompanied a drum, perhaps

73 Construction zone sign

74 Tower of London feature

75 Taro dish

76 All the rage

77 Poet's preposition

78 Extreme Machines' network

79 It's not fair!

DOWN

1 Spotted

2 In any case

3 Light: Prefix

4 Gymnast's dream

5 Have life

6 Conditions

7 Bottle cap?

8 Malena symptoms

9 Displayed, in a way

10 Minute of (16 degrees)

11 Factor in a parole board's decision

12 Hubbub

13 Cuff

14 Show restlessness, in a way

15 Certain fair size

16 It's not fair!

CLOSING SOON

ASIA

Dec. 6: "Claude Lorrain and the Ideal Landscape." The National Museum of Western Art, Tokyo.

Dec. 6: "This Art?" Kawamura Memorial Museum of Art, Sakura, Chiba Prefecture, Japan.

Dec. 6: "The Poetry of Pala Light: The Paintings of Yoshida Yoshihiko." Setagaya Art Museum, Tokyo.

Dec. 6: "Masterpieces of Chinese Ceramics From the Percival David Collection, London." Sezon Museum of Art, Tokyo.

Dec. 8: "Masterworks From the Carmen Thyssen-Bornemisza Collection." Matsukawa Art Museum, Nagoya, Japan.

EUROPE

Dec. 6: "Durer in French Collections." Fundacio Calixa Catalunya, Barcelona.

To Dec. 15: "From Meroving to Bourbaki." Meningen, Bruges, Belgium.

Dec. 8: "Paul Delvaux." Palazzo Corsini, Florence.

Dec. 9: "Francisco de Zurbaran: IV Centenario de su Nacimiento." Museo de Bellas Artes, Sevilla, Spain.

Compiled by Elisabeth Hopkins

CROSSWORD

12 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 2

MOVIE GUIDE

PLEASANTVILLE.*Directed by Gary Ross. U.S.*

In conception and execution, "Pleasantville" is so ambitious, so clever and so satisfying in so many ways that the small inconsistency that mars its real achievement is almost negligible. An elaborate fantasy about two contemporary teenagers transported into the fictional black-and-white setting of a 1950s sitcom, the movie is like a hermetically sealed biosphere with an air leak. It sets up a fabulous alternate universe that operates separately from this one, and then it proceeds to break one of its own cardinal rules. As an escape from his unhappy home life and the troubles of the modern world, David (Tobey Maguire) watches daily reruns of "Pleasantville," a show like "Father Knows Best." One day, along with his trampy sister Jennifer (Reese Witherspoon), he is zapped into his favorite program when a strangely insistent door-to-door TV repairman (Don Knotts) leaves them a magical remote control to replace the one they have broken. In the monochrome town of Pleasantville, David and Jennifer find themselves transplanted into the roles of Bud and Mary Sue Parker, trapped in a white-bread family where dad George (William H. Macy) is always in a suit and perpetually aproned mom Betty (Joan Allen) seems to live in the kitchen. Slowly, slowly, with the disruptive arrival of David, who can't accept the mindless role, the town begins to change ad infinitum — first a rose, then a comb, then a clock, then several of the townsfolk themselves. Those Pleasantvillagers who remain black and white, under the leadership of the town demagogue, Big Bob (J.T. Walsh), form angry posses to denounce the "coloreds." The buoyant flight of fancy has us to now become a witty and visually stunning tour de force, and the acting is uniformly good. Unfortunately, here's the hitch. As the film explains it, it is not just sex, but emotion that changes people into color. Not just love, but any deep feeling, including sadness or anger. So why do all the vigilantes with their angry denunciations of their multihued brethren remain black and white? Even within the film's own synthetic logic, it just doesn't make sense. (Michael O'Sullivan, WP)



Joan Allen in "Pleasantville," directed by Gary Ross.

DANCING AT LUGHNASA.*Directed by Pat O'Connor. Ireland.*

Meryl Streep has made many a grand acting gesture in her career, but the way she simply peers out a window in "Dancing at Lughnasa" ranks with the best. Everything the viewer need know about Kate Mundy, the woman she plays here, is written on that prim, lovelock face and its fishbegasted gaze. Among the five unmarried sisters who are the subject of Brian Friel's play (and who are named for his mother andunts), it is Kate who wears her unmarried status least comfortably. And it is Kate who radiates the most wistful, turbulent emotions while watching younger, prettier Christina (Cathleen McCormack) dance with a lover. Set in Donegal in 1936, "Dancing at Lughnasa" preserves the author's memories of a world about to change irrevocably, filled with hints of foreboding that made it so powerful an experience on stage. On film, as directed handsomely by Pat O'Connor, it makes for a scintillating scenic film, yet a slightly more diffuse, less haunted drama. The play, an actors' heyday, is rich with memories of the sisters and their camaraderie, especially when their fragile fellowship is shaken by the arrivals of two men. It's clear that these men can change everything. One is Father Jack (Michael Gambon), once the family's bright-eyed brother and now a broken old man, returning from missionary work in Africa and filled with visions of a world his sisters have never seen. While Gambon's gently eccentric Jack presides over the story with a mysterious intensity, the other male visitor is more mundane. Gerry Evans (Rhys Ifans) is Christina's handsome, conventionally romantic beau. The arrival of Gerry prompts the film into the very sorts of picturesque rhapsodies that give this opened-up drama its postcard appeal while removing the seriousness and sting from events that transpire. Though "Dancing at Lughnasa" has the fine cast, visual scale and resplendent look of a magnum opus, it remains a collection of sea changes and splendidly realized small moments rather than a story of overarching action. The sooner the viewer recognizes as much, the easier it is to discount some falsely inflated sequences here and appreciate the keenly observed, wonderfully delicate performances. (Janet Maslin, NYT)

THE FREQUENT TRAVELER

On the Road or on the Phone?

By Roger Collis

International Herald Tribune

PEOPLE often say with awe or pity: "Giving out all this advice on travel, you must travel an awful lot." I do make occasional forays afield — about once a month — mainly to reassure myself that business travel is often a pretty miserable, degrading experience. But the truth is that the intrepid Frequent Traveler spends more of his time on the phone than on the road.

It's a question of productivity as much as budget. I can have twice as many meetings a day on the phone than schlepping around Paris, London or Manhattan — not to mention the time and energy it takes to get there.

Phone meetings are necessarily more focused than face-to-face encounters, when you can keep the conversation short. O.K., you miss the eye contact, the handshake and, of course, the social dimension — although "virtual reality" video conferencing threatens to reveal it all.

These days, I am — like most independent and small-business travelers — concerned with costs and the bottom line. But there are times when you feel you have to get away. The social drink, the impromptu meeting can be pure gold. Nothing you can quantify; it's intuitive, gut feeling. Who, for example, goes to a conference to listen to the speakers? It's networking that counts.

GOING OR STAYING?

To go or not to go. That is the question.

It's a big question. American Express estimates, in its just published biennial Survey of Business Travel Management, that U.S. companies will spend \$175 billion on travel and entertainment in 1998, around 12 percent more than 1996. Travel and entertainment is still the third largest controllable expense, after salaries and data processing. This reflects record price increases for airfares, hotel rooms and car rentals, in what is still a seller's market.

At the same time, companies are taking more control of travel budgets, with international travelers making fewer trips of longer duration, according to the OAG Business Travel Lifestyle Survey 1998. The amount of time spent away has risen by a quarter to an average 45 nights a year, from 37 last year. Only 12

percent of trips involve no overnight stay, suggesting more cautious and careful travel planning.

But travel management at most companies is more concerned with bookkeeping — travel policy, the cost of the trip, who can travel in what class,

getting the best deal from the travel agent and suppliers — rather than with the purpose of the trip. Travel management needs to be viewed in the "management" sense: What are we making this trip for? What are we going to achieve? Can we do business some other way?

"Intuitively, we believe that a high percentage of business travel is unnecessary," said Hal Rosenbluth, president and CEO of Rosenbluth International in Philadelphia, which claims to be the second largest travel-management company in the world. "The challenge, however, is how to identify it. We don't believe that people travel because they want to; we believe that they travel because they feel they want to achieve certain goals. But do they?"

Rosenbluth — in partnership with the Wharton School at the University of Pennsylvania and a sample of "five or six significant corporations" — has embarked on a research project aimed at finding out why business people travel and how and why people choose to interact the way they do. The goal is to help corporations reduce unnecessary business travel and provide a better return on investment for the trips they do take. "Travel avoidance" options might include video conferencing.

"Another way to look at it is: You spend 10 million a year on travel, you accomplish so much; you spend 15 million and you accomplish nothing more. Getting the best return on your 'interaction' expense may enable you to keep your budget at 10 million and achieve twice as much."

"There's also the 'opportunity cost' involved in traveling to Asia when you might be doing something even more productive. There's always an opportunity to do something else. What's the trade-off?"

It is fairly easy to quantify travel productivity for sales people or line managers, but what about staff people? Do companies have this kind of information?

QUANTIFYING PRODUCTIVITY "The information is there somewhere, but not under any specific heading — it might be in the travel or finance department, human resources. There are all kinds of ways to get at it through surveys, audits and focus groups," Rosenbluth said. "But the T&E budget can be the driver, forcing corporations to quantify the productivity of all travelers, whether staff or line."

"The point is that when somebody calls to make a reservation, they'll get the lowest fare and a whole bunch of options including when to avoid travel, along with alternatives, and when and how to increase it."

I don't know how much Rosenbluth is spending on this research. But I'll give you my "business interacoon management" strategy for free.

Decide who you really need to meet and get them to visit you.



Stuart G. Kesten, IHT

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in its various forms, teleconferencing or the old-fashioned phone call as part of the solution. Initial findings are due by the first quarter of 1999.

"If the chief executive walks into your office and says, 'Cut travel by 20 percent,' you want to be able to manage how you do that," said Danamichele O'Brien, vice president and chief travel scientist at Rosenbluth. "If he knew more about where travelers' return on investment was, he might say, 'Only in this area, in this department.' The last thing you want to do is keep your best sales or relationship managers off the road — you may want them to double up. Or, if they're going to San Francisco, maybe they should continue to Japan, because your pattern is that two weeks later they'll be going to Japan anyway."

"Another way to look at it is: You spend 10 million a year on travel, you accomplish so much; you spend 15 million and you accomplish nothing more. Getting the best return on your 'interaction' expense may enable you to keep your budget at 10 million and achieve twice as much."

"There's also the 'opportunity cost' involved in traveling to Asia when you might be doing something even more productive. There's always an opportunity to do something else. What's the trade-off?"

It is fairly easy to quantify travel productivity for sales people or line managers, but what about staff people? Do companies have this kind of information?

QUANTIFYING PRODUCTIVITY "The information is there somewhere, but not under any specific heading — it might be in the travel or finance department, human resources. There are all kinds of ways to get at it through surveys, audits and focus groups," Rosenbluth said. "But the T&E budget can be the driver, forcing corporations to quantify the productivity of all travelers, whether staff or line."

"The point is that when somebody calls to make a reservation, they'll get the lowest fare and a whole bunch of options including when to avoid travel, along with alternatives, and when and how to increase it."

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It's time for a Renaissance

BUSINESS/FINANCE

FRIDAY, DECEMBER 4, 1998

It's time for a Renaissance

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Drug Merger In France Wins Praise

Sanofi and Synthelabo Make \$10.4 Billion Deal

By David J. Morrow
New York Times Service

NEW YORK — Two French drugmakers, Sanofi SA and Synthelabo SA, have agreed to merge in a deal valued at \$10.4 billion, the second alliance between European pharmaceutical companies announced this week.

The new company, Sanofi-Synthelabo SA, is expected to have \$6.3 billion in annual sales — about one-quarter of the sales of Merck & Co., the world's largest drugmaker — and considerable product strength in the industry. While analysts were largely unimpressed by the partial merger between Rhône-Poulenc SA and Hoechst AG that was announced Tuesday, the union of Sanofi and Synthelabo, unveiled Wednesday, won considerable praise.

Analysts said a big difference between the deals was the sales potential of the companies' products. Aventis, the company being created by Hoechst and Rhône-Poulenc, will be largely saddled with old drugs, while Sanofi-Synthelabo will have two cardiovascular drugs — Plavix and Avapro — that could each produce \$1 billion in annual sales.

"These two drugs should be big sellers for Sanofi-Synthelabo," said Tom Brakel, an analyst with Mehta Partners, a biopharmaceutical investment research concern in New York. "Neither company has a lot of history with cost-cutting. There is a lot of duplication in some areas they are in, so there could be some substantial savings here."

The deal will be a stock swap, with Sanofi offering 13 of its shares for every 10 Synthelabo shares. The oil giant Elf Aquitaine, which has a controlling interest in Sanofi, and the cosmetics maker L'Oréal, which controls Synthelabo, will retain big holdings in Sanofi-Synthelabo. Elf Aquitaine will control 35.1 percent of the shares and 45 percent of the voting rights, while L'Oréal will have a 19.4 percent stake and 25 percent voting control.

Avoiding at least one possible pitfall, the companies' chief executives have agreed to different roles in the new company. Jean-François Denecc, Sanofi's CEO, will become chairman of the combined company, while Hervé Guérin, his opposite number at Synthelabo, will be deputy chairman. Three large mergers announced in the drug industry failed this year when the chairmen refused to yield power to their counterparts.

Analysts have been impressed with Mr. Denecc's ability to focus Sanofi tightly on pharmaceuticals, especially on high-profit cardiovascular drugs. While companies more than twice its size were struggling to develop top-selling compounds, Sanofi engineered two potential big sellers, a feat crucial to keeping pace with the industry's 16 percent annual earnings growth.

The merged entity should be able to squeeze more profit from pharmaceuticals, analysts said. Both companies are regarded by analysts as having shrewd research staffs, and their combined revenue will allow Sanofi-Synthelabo to spend more on research and development. Sanofi spent only \$577 million last year on pharmaceutical research, about half of what most large drug companies lay out.

Mr. Denecc has already signaled that Sanofi-Synthelabo would be more dedicated to pharmaceuticals than Sanofi has been in the past.

Sanofi announced Wednesday that it would sell its beauty division, which includes Yves Saint Laurent and Oscar de la Renta scents. It did not give a timetable or price.

Even though Sanofi-Synthelabo should have several top-selling drugs, the company will have its share of troubles, including a weak presence in the United States.

Synthelabo has just one small joint venture here, and though Mr. Denecc has expanded Sanofi's presence with acquisitions and joint ventures, the company is still small compared with giants such as Merck and Pfizer Inc.

CURRENCY & INTEREST RATES

By Paul Farhi
Washington Post Service

WASHINGTON — In nailing down the details of their \$80 billion deal over the past five months, executives at Exxon Corp. and Mobil Corp. forgot at least one: registering their new corporate address on the Internet.

On Wednesday, the two companies discovered that one S. H. Moon — an obscure South Korean entrepreneur with no connections to either Exxon or Mobil — had beaten them to it.

After spotting press accounts about the oil giants' negotiations last week, he staked an official claim to their most likely future addresses on the World Wide Web, registering "ExxonMobil.com" and "Exxon-Mobil.com" as his own.

The practice, known as "cyber squatting," is not only legal, it can be highly lucrative. By paying \$70 to Network Solutions Inc., the Virginia company that keeps track of most Internet names, entrepreneurs can then sell or trade the names.

Key Money Rates

United States

Today Prev

Interest rate

Discount rate

Prime rate

Bank base rate

Call money

1-month interbank

2-month interbank

3-month interbank

4-month interbank

5-month interbank

6-month interbank

7-month interbank

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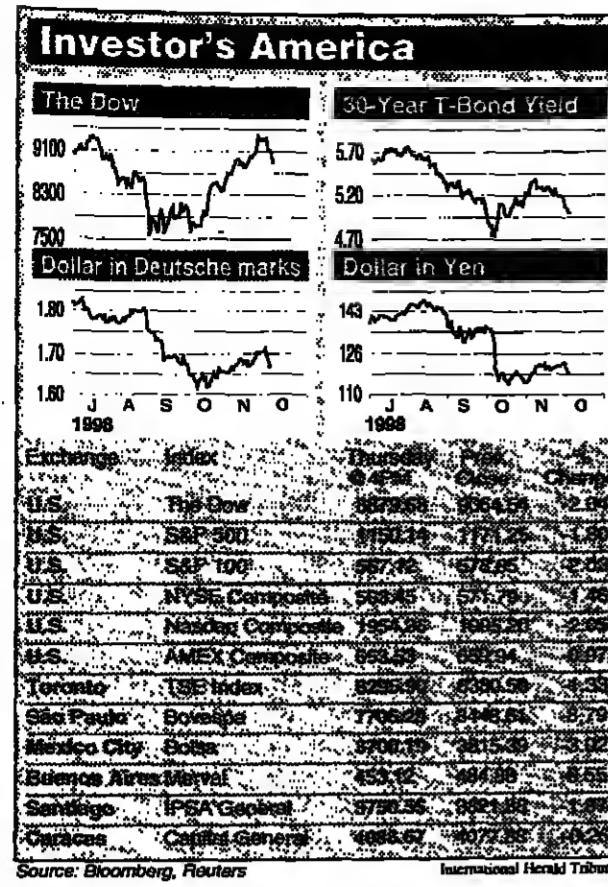
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THE AMERICAS



Concern About Brazil Rattles Wall Street

Bloomberg News
NEW YORK — Stock prices fell sharply Thursday, led by financial-services companies and banks with international dealings, on concern that Brazil was not taking steps to fix its stumbling economy.

"Brazilian reforms haven't translated into results," said Fabian Serna, financial director at Caja de Pensiones y de Ahorros de Valencia, in Valencia, Spain. "A logical move now," he said, is for investors to sell shares of banks and financial-service companies, which depend on sound economies and stable financial markets for profits.

At the close, the Dow Jones industrial average was down 184.86 points at 8,879.68, the Standard & Poor's 500 index was off 21.11 points at 567.00, and the Nasdaq composite index was down 40.85 points at 1,954.35.

Declining stocks outnumbered advancing ones by a ratio of 3-to-2 on the New York Stock Exchange.

Niagara Mohawk To Sell 42 Plants To Joint Venture

Bloomberg News

SYRACUSE, N.Y. — Niagara Mohawk Corp. agreed Thursday to sell 42 hydroelectric plants to a joint venture of Baltimore Gas & Electric Co. and Goldman Sachs Group LP for \$425 million, almost double their book value, to prepare for competition in New York's power market.

The plants, in upstate New York, can produce 661 megawatts of electricity, enough to light 661,000 homes. Niagara Mohawk, which sells power to 1.5 million New York customers, said it would buy electricity from the venture, Orion Power Holdings Inc., until September 2001.

Orion Power Holdings Inc. was formed in March to acquire generating plants in North America.

The sale requires regulatory approval and is expected to close by mid-1999. Niagara Mohawk, which is based in Syracuse, is trying to sell four power plants with a capacity of 3,256 megawatts as part of its plan to get out of the power-generation business.

Niagara Mohawk shares rose 18.75 cents to close at 29.05 dollars (\$18.95). Hollinger rose 40 cents to \$15.8125, while Baltimore Gas eased 12.5 cents to \$31.25.

Hollinger said Wednesday that it intended to acquire the remaining 22

Brazilian legislators voted down a tax bill that was intended to help shrink the budget deficit, casting doubt on whether the largest economy in Latin America will get the international aid it needs to stave off recession. That concern overshadowed

U.S. STOCKS

owed a round of interest-rate cuts by European central banks that were intended to help keep economies growing as the region prepares for monetary union.

J.P. Morgan fell 4.916 to 106.44, Citigroup fell 2.4 to 48.3/16, BankBoston fell 3.9 to 39, and Merrill Lynch fell 4.1/16 to 69.3/16.

Many banks and brokerage firms lost 50 percent or more of their value when financial markets slumped in August and September on concern about slowing world growth and possible currency devaluations, but they had generally rebounded strongly.

Strength in some computer-related shares kept the market from falling further. Texas Instruments gained 2.3 to 81.4.

"Investment managers want to be in technology more heavily by the year's end," said Peter Coolidge, managing director of equity trading at Brean Murray & Co.

But Cabletron Systems, a supplier of computer networking equipment, slid 1.3 to 9 after it warned of lower profit and flagging sales.

Providers of local telephone service jumped after a Merrill Lynch analyst, Daniel Reingold, raised his ratings on several of them to "buy." Bell Atlantic rose 1.6 to 56.75, Ameritech rose 1.5/16 to 55.75, and GTE gained 3.7/16 to 65.15/16.

Lucent Technologies, which makes telephone equipment, gained 1.1 to 83.4.

Mr. Reingold raised his ratings because of expectations for strong earnings growth next year as a num-

ber of mergers among the companies come to fruition.

In addition, price/earnings ratios for these companies remain below the average for the S&P 500 as a whole.

Some investors were surprised that U.S. stocks did not rally after the European interest-rate cuts. The lower rates could increase demand for U.S. goods by lowering the cost of financing business and encouraging consumer spending, analysts said.

"This is good news for the marketplace," said Arthur Hogan, chief market analyst at Jefferies & Co. in Boston. "This is something we've been waiting for."

Concern about the Brazilian economy proved to be positive for U.S. Treasury prices, however. The yield on the benchmark 30-year bond slipped to 5.00 percent from 5.02 percent as the price of the bond rose 7/32 to 105 25/32.

Dollar Falls On Outlook For U.S. Rates

Bloomberg News

NEW YORK — The dollar was lower against other major currencies as a drop in U.S. stock prices wiped out the benefits for the dollar of a cut in European interest rates.

The dollar initially rose against the mark after the 11 nations adopting a single currency lowered rates, only to lose its gain on renewed talk that the Federal Reserve Board may cut U.S. rates again. The dollar

FOREIGN EXCHANGE

was also hurt by concern that Brazil may not be taking the necessary steps to reform its economy.

"There's more reason to be bearish on the dollar than the mark because of the possibility of weak U.S. equities, rate cuts from the Fed and an emerging-market crisis stemming from Brazil," said Doug York, foreign-exchange director at Campbell & Co.

In 4 P.M. trading, the dollar was at 1.6703 Deutsche marks, down from 1.6706 DM on Wednesday, and at 118.535 yen, off from 120.125 yen.

The Bundesbank and most other European central banks cut their benchmark lending rate to 3.0 percent from 3.3 percent to deal with what the German central bank's president, Hans Tietmeyer, called a "clouded" economic outlook. At a news conference, he said growth was slowing, although he said there was no risk of recession.

Many traders said the mark held its ground after the rate cut, because the moves were seen as supporting Europe's economy, even though they will undermine returns on the single currency, the euro, which is to be introduced Jan. 1.

"You're just looking at a slowing world economy," said Matthew Robertson at Neuberger & Berman LLC. "Countries that cut rates will see their currencies rally because that improves the investment environment."

Some traders also sold dollars amid concern that Brazil may have a hard time cutting its budget deficit and receiving aid from the International Monetary Fund, after the country's Congress voted against a tax proposal that the government says is needed to reduce a budget deficit.

The dollar slipped to 5.5990 French francs from 5.6050 francs and to 1,3640 Swiss francs from 1,3670 francs. The pound fell to \$1.6643 from \$1.6675.

Sales Fall, but Productivity Rises

Compiled by Our Staff From Dispatches

NEW YORK — Many U.S. retailers reported strong sales Thursday for November, but mild weather across much of the country hurt results for big department stores that bank on selling seasonal clothing.

Meanwhile, the government reported that U.S. workers produced more at less cost in the third quarter than it had estimated. Productivity rose at a revised 3.0 percent annual rate in the three months ended in September, initially reported as a 2.3 percent gain, the Labor Department said.

Unit labor costs — a separate index measuring changes in worker compensation and productivity — rose at a 1.1 percent annual rate to

the third quarter, initially estimated at a 1.7 percent annual rate.

The retail report showed that discount stores did the best, attracting value-conscious consumers who want affordable prices and wide selections of merchandise. Wal-Mart Stores Inc., the biggest U.S. retailer, said sales at stores open at least a year rose 7.7 percent in November from a year earlier. Sales at Dayton Hudson Corp.'s Target division rose 4.3 percent.

But the weather hurt sales of winter clothing at stores where business otherwise was brisk. Kmart Corp., which had strong sales of home appliances, home furnishings and jewelry, said the mild weather had depressed clothing sales, holding

the overall sales gain to 2.5 percent.

Sears, Roebuck & Co. said sales fell 3.6 percent. Sears said continued slow sales could force it to cut prices, which could erode profit.

For department stores, the weather was only the latest problem. Many store chains are losing sales to discount and clothing stores. May Department Store Co. said sales rose just 0.1 percent in the month, and Federated Department Stores Inc. reported a drop of 0.2 percent.

"The department stores don't have their finger on the panic button yet, but they're nervous," said Thomas Buynak, a director at Society Asset Management, which holds shares of retailers.

(AP, Bloomberg)

Black Bids to Expand Canadian Holdings

Compiled by Our Staff From Dispatches

TORONTO — The stock of Southam Inc., the biggest newspaper publisher in Canada, rose Thursday after Hollinger Inc., the media company of the financier Conrad Black, bid to buy all the shares in Southam that it did not already own.

Southam shares rose 3.65 Canadian dollars to close at 29.05 dollars (\$18.95). Hollinger rose 40 cents to 14.00.

Hollinger said Wednesday that it intended to acquire the remaining 22

million shares in Southam, about a 30 percent stake, in a transaction valued at 638 million dollars.

Hollinger said it would pay 484 million dollars, or 22 dollars each, for the remaining shares. But as part of the bid, Toronto-based Southam announced that its shareholders would receive a special dividend of 7 dollars a share Jan. 4. That values the transaction at 29 dollars a share.

Mr. Black raised the funds primarily from his Southam dividends.

Hollinger, based in Vancouver,

and Southam control more than half of the dailies published in Canada, 61 of the 105 publications.

In October, Mr. Black — through Southam — introduced a daily, the National Post, in competition with the Globe and Mail, owned by the rival Thomson group.

Hollinger International, through its subsidiaries and affiliated companies, publishes more than 400 other English-language newspapers and magazines around the world.

(AFP, Bloomberg)

Very briefly:

• General Motors Corp.'s U.S. vehicle sales fell 5.8 percent in November, while Ford Motor Co. bad a 2.5 percent gain. Analysts expect industrywide sales to reach 15.3 million this year, the most since 16.3 million in 1986. Worldwide, November sales rose 7.8 percent for 19 companies reporting thus far.

• Union Pacific Resources Group Inc., an independent oil and gas exploration and production company, plans to reduce its headquarters staff by about 14 percent, or 140 people, because of the worldwide oil glut.

• B.F. Goodrich Co., the aerospace equipment maker, plans to close two assembly plants in Arkansas as part of a consolidation of its operations; 545 jobs will be lost.

• BankAmerica Corp.'s 10 highest-ranking women executives have resigned or been demoted since the company merged with NationsBank Corp. in October, the San Francisco Chronicle reported. Several women told the newspaper they were insulted when the NationsBank chief executive, Hugh McColl, distributed a videotape to employees in which he boasted of having "the best men in banking."

• Weirton Steel Corp., the seventh-largest U.S. steelmaker, plans to lay off 415 workers, or 12 percent of its hourly work force, when it idles a West Virginia blast furnace for five weeks beginning Dec. 15. Weirton and 11 other U.S. steelmakers filed trade cases in September seeking limits on shipments of steel from Japan, Russia and Brazil.

• Nedcor Ltd., a South African bank, has entered into a marketing alliance with Capital One Financial Corp. of the United States, a big credit card issuer, as part of its effort to expand internationally.

• Nokia Oy of Finland passed Ericsson AB of Sweden as the No. 1 seller of digital cellular phones in the United States, according to the research firm Dataquest. Nokia's share of the U.S. digital market rose to 40.3 percent from 19.8 percent last year. Ericsson's dropped to 20.6 percent from 41.3 percent.

Bloomberg, AP, AFP

The Trib Index					
Jan. 1, 1992 = 100	Level	Change	%-change	year to date	%-change
World Index	192.03	-1.09	-0.56	+11.57	
Regional Indexes					
Asia/Pacific	90.77	-0.43	-0.47	-5.52	
Europe	221.24	+2.98	+1.37	+14.61	
N. America	268.88	-6.64	-2.41	+24.48	
S. America	85.91	-5.06	-5.56	-43.73	
Industrial Indexes					
Capital goods	274.36	-6.46	-2.30	+32.82	
Consumer goods	230.68	-1.27	-0.53	+14.26	
Energy	193.03	-2.24	-1.15	-0.99	
Finance	133.43	+0.57	+0.43	+8.51	
Miscellaneous	178.92	+1.44	+0.81	+19.36	
Raw Materials	163.11	-0.43	-0.26	-2.47	
Service	196.76	-0.13	-0.07	+14.03	
Utilities	176.63	+0.48	+0.27	+5.97	

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries.

EUROPE

German GDP Rebounded In 3d Period

By Christopher D. Morris

FRANKFURT — The German economy rallied in the third quarter after bogging down in the spring, the government said Thursday.

Gross domestic product expanded by a seasonally adjusted 0.9 percent in the third quarter from the second and was up 2.8 percent from a year earlier, the government said.

The numbers showed a robust acceleration from the second quarter, when there was no growth from the previous quarter and a 1.6 percent increase from a year earlier, according to revised figures.

But the pickup in the third quarter had been widely expected by economists because special factors had contributed to the preceding slowdown. These included the weather, a change in the number of working days between the first and second quarters and a rise of one percentage point in the value-added tax in April, to 16 percent, the statistics office said.

Economists said they still expected the economy to slow, a factor cited by European central banks Thursday as they lowered interest rates in hope of easing any slump.

The government statistics office said GDP climbed at an annualized 2.9 percent in Western Germany, in the third quarter and 1.7 percent in Eastern Germany.

Lohar Hessler, an economist at HSBC Trinkaus, said the fourth quarter could see a significant loss of momentum, as indicated by the latest business climate index published by the Ifo economics institute.

"Furthermore, consumer sentiment will be only moderate at best," he said. "If demand stagnates in the fourth quarter, growth will reach 2.7 percent for the whole year, but that will slow to 2.2 percent next year."

(Bridge News, AFP)

Greek Telecom: Too Much Static?

Reuters

ATHENS — A power struggle between the government and management of Hellenic Telecommunications Organization SA has led to the resignation of its managing director, George Chrysoulis, and cast a cloud over the future of Greece's biggest company.

"Mr. Chrysoulis was forced to resign," a senior executive at the company, which is known as OTE, said Thursday.

"Since August there was a constant argument on who had the upper hand between himself and OTE's president," Vassilis Rapanos, the executive said. Mr. Chrysoulis "was fed up and left," he said.

Government sources described Mr. Chrysoulis as an autocrat who wanted to run OTE without reporting to anyone, even though 65 percent of the company's stock still belongs to the state.

"Chrysoulis rates the company solely on stockholder interest," the OTE executive said.

"This meant hard decisions in the near future like layoffs or unqualified personnel, longer working hours and maybe higher phone prices. The government did not see it this way."

But Yannis Stournaras, chief economic adviser to Prime Minister Costas Simitis, said it was the government that had introduced OTE's market-oriented policies and that Mr. Chrysoulis's de-

parture did not mean a change of course.

"This is the government that moved to restructure public companies and limit the role of the state in their running," he said.

"We don't intervene in OTE," he added, "and we actually want its modernization to move faster."

But government officials acknowledged that there were problems with Mr. Chrysoulis's working relationship with Mr. Rapanos and the government, and they said his departure would work as a balancing factor.

George Simeonis, executive vice president of Inmarsat, was named to succeed Mr. Chrysoulis as managing director. Inmarsat is a global satellite telecommunications system specializing in maritime communications. Its main shareholders are national telecommunications operators.

A government spokesman said Mr. Simeonis would continue the policies of his predecessor.

"Mr. Chrysoulis made his choice," the spokesman said. "He was very successful, and his successor will continue his policies."

GEC Hints At Big Move In Defense

Reuters

LONDON — General Electric Co. said Thursday it could be just weeks away from its next big move in the consolidation of the global military industry, but it would not say whether it had a partner in Europe or the United States in mind.

"We have been involved in very intense discussions with a number of participants in the global defense industry, and a decision is expected soon," Lord Simpson, the company's chief executive, said after the British company announced a 21 percent increase in half-year operating profit.

GEC said underlying operating profit for the six months through Sept. 30 rose to £58 million (\$59.6 million) from £29.5 million a year earlier as sales increased 9 percent.

Pretax profit jumped to £1.39 billion from £415 million a year earlier, lifted by a net gain of £965 million from a series of asset sales and acquisitions that have reshaped the company into a supplier of high-technology electronics. Included in its acquisitions was the \$1.4 billion deal with the U.S. military-electronics company Tracor Inc.

Lord Simpson would not disclose whether the next move would build on that purchase or whether it involved Thomson-CSF of France. The French company is also expected to find a partner as the European military industry consolidates to try to improve its chances of competing with U.S. giants.

GEC has long been looking for a way to make its Marconi Electronics military business a world player, but there have been growing doubts among analysts as to whether it could find a suitable deal.

GEC's shares closed at 505 pence, up 54.

Great Universal Reports Earnings Slump

Reuters

LONDON — Great Universal Stores PLC, the largest home shopping company in Britain, reported a 22 percent drop in first-half profit Thursday and said sales were slowing in the second half.

Group profit before exceptional items and tax for the six months through Sept. 30 fell to £190.3 million (\$316.1 million) from £244.5 million a year earlier. Sales rose to £2.35 billion from £1.5 billion. Great Universal, which bought the

Argos catalog showroom business and the U.S. data-services company Metromail this year, warned in June that its first half would be adversely affected by the fact that these divisions made most of their money in the second half.

Slowing its drive to reshape its business, the company said Thursday that it had canceled plans to sell its finance division. There was an exceptional charge of £14.2 million for closing the Argos business in the Netherlands, announced in May.

Burberry, Great Universal's luxury clothing business, revealed more pain inflicted by the downturn in Asia, reporting a slump in profit to just £2 million from £19.9 million. Great Universal warned in June that Burberry's profit would suffer from the Asian turmoil.

Great Universal's shares closed 25 pence lower at 54.9 Thursday.

The company said Argos, acquired in April, had suffered from the general British consumer slowdown of the past couple of months.

Investor's Europe



Sources: Telekurs International Herald Tribune

Very briefly:

• Bass PLC reported a 7.4 percent slide in underlying annual profit for the year that ended Sept. 30, to £661 million (\$1.1 billion); as poor summer weather and a string of product recalls cut into the sales of the British brewing and hotel company. Revenue fell 12.4 percent, to £4.6 billion.

• Royal Bank of Scotland Group PLC's pretax profit rose 32 percent, to £1 billion, in the year through Sept. 30, surpassing expectations, as growth came from the bank's wide range of U.S. and British retail financial services and corporate banking activities.

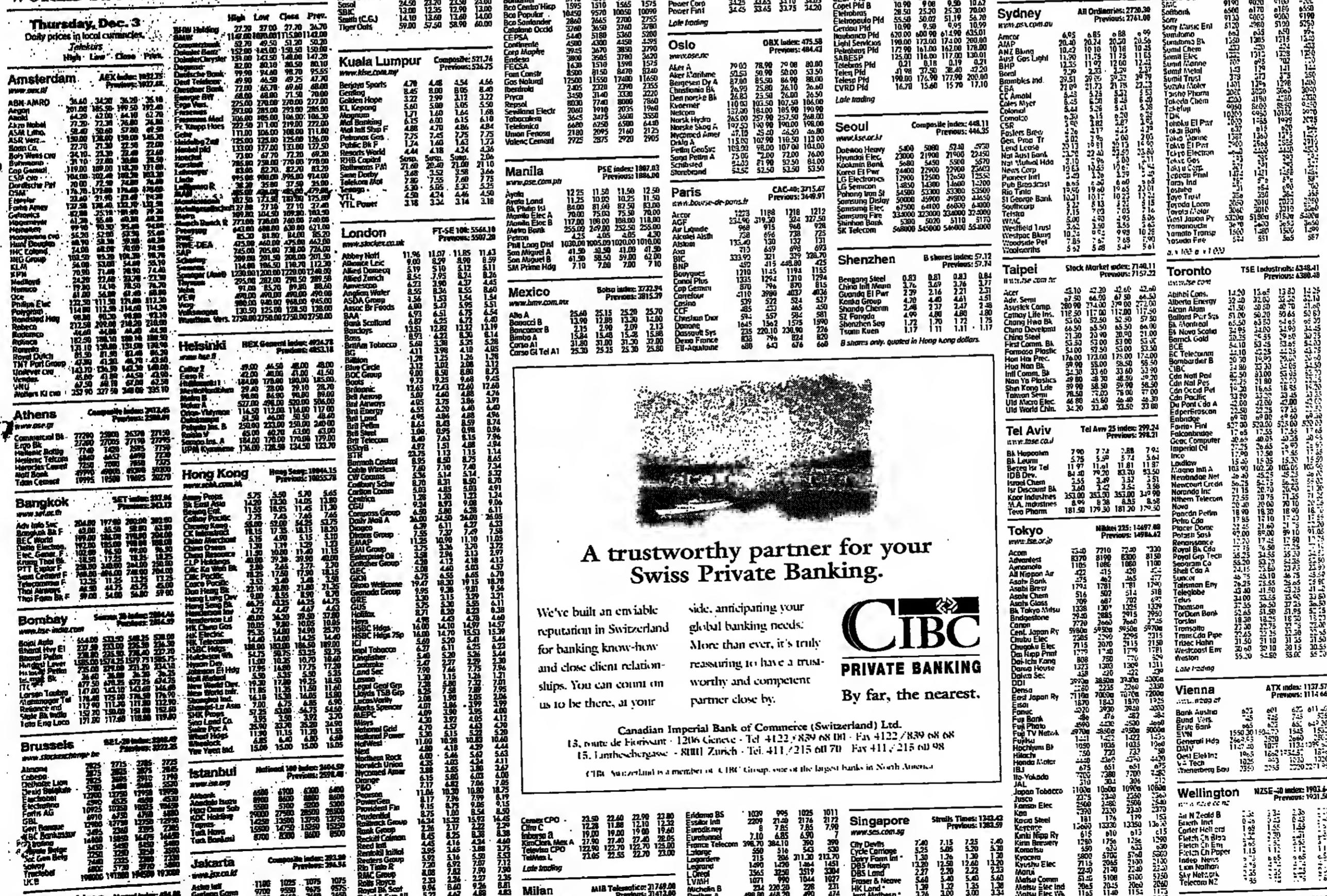
• Reed Elsevier PLC, a British-Dutch publisher, said full-year profit would be down 6 percent, a bigger drop than previously expected, as sales in some markets, particularly in Asia and Britain, slow and costs rise. It forecast a pretax profit excluding one-time items, of £770 million.

• Royal Wessanen NV, a Dutch food and drink company, is negotiating with Friesland Coberco Dairy Foods about a possible alliance.

• Telecom Italia SpA's new chief, Franco Bernabe, held talks with a representative of News Corp. about a digital-television alliance.

AFP, Bloomberg, Bridge News, Reuters

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Shares to Stuff Stockings With?

Holiday Looks Good for Retailers, but Choose Carefully

By Noelle Knox
New York Times Service

NEW YORK — Finding the right present for your relatives may seem a lot easier this holiday season than finding the right retailer in which to invest.

First, the good news: This season is expected to be the best in four years for retailers. An annual survey by Deloitte & Touche and the National Retail Federation said U.S. shoppers were expected to spend \$173 billion, about 5.5 percent more than in the 1997 holiday season. And the Conference Board reported last week that U.S. consumer confidence rose in October for the first time in four months.

Moreover, while Amazon.com Inc., Wal-Mart Stores Inc. and a few other retail stocks are trading near record highs, most have not recovered from their sell-off this summer, when investors thought shoppers might react negatively to world problems such as the Russian debt default or the Japanese banking crisis.

"Everybody was worried about Asia," said Jeffrey Edelman, an analyst at PaineWebber — everybody but the consumer. "Main Street is quite far removed from Wall Street," he said.

But there are still concerns. People have not shaken off recent news of corporate layoffs. Consumers polled in the Deloitte survey said "everyday low prices" were the first thing that would lure them to a store last year, that incentive was only third on their list.

Even if the economic expansion continues next year, it is risky to buy cyclical stocks, like those of many retailers, that fit into a period of extended economic growth. The trick, analysts say, is to find retailers that are likely to post good holiday sales.

Next, an investor should look for stocks that are cheap relative to their rivals. Finally, one should make sure the company has cash to weather a slowdown and management that

knows the meaning of shareholder value.

Among the top American picks of several analysts and money managers is Dayton Hudson Corp., the Minneapolis-based parent of Target discount stores and the Hudson and Marshall Field department stores.

It is trading at a price/earnings ratio of 23, making it cheaper than rivals such as Wal-Mart Stores Inc., with a ratio of 41, and Costco Cos., with a ratio of 31. Dayton Hudson's stock hit a one-year low of \$26.13 in October, but was at \$45.25, up 6.25 cents, in early trading Thursday.

"The Target division is doing beautifully," said George Mairs, manager of the Mairs & Power Growth fund, which owns some shares. "They have clearly tried to differentiate themselves from Kmart and Wal-Mart by having lines that are more upscale, and I think this has worked well." He said Dayton Hudson stock could hit \$60 within a year.

Also expected to sparkle this season is Zale Corp., the big jewelry chain. Watches and earrings are always popular gifts, and Zale has a wide selection of inexpensive items.

The company, based in Irving, Texas, has a price/earnings ratio of 15. Its luxury competitor, Tiffany & Co., has a ratio of 20. Zale's shares have risen more than 50 percent from a low of \$19.50 in October and were trading at \$29.25 Thursday, down 12.5 cents.

"They're very professionally run in a business not traditionally known for it," said Michael Exstein, an analyst at Credit Suisse First Boston, who said he expected Zale to hit \$35 within 12 months.

Investors worried about an economic slowdown might be happy to see that retail-stock buybacks have become fashionable this season. Such a program is one reason Alan Snyder, head of Snyder Capital Management, owns Pier 1 Imports.

The retailer announced a plan in September to repurchase 5 million shares, its second buyback program this year.

Pier 1's stock, which was trading at \$9.8125 early Thursday is far above its low reached in October but still well below the \$20.625 it reached March 13. The stock has a P/E ratio of 14, and Mr. Snyder says he expects the shares to hit \$15 within a year.

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INTERNATIONAL INVESTING

AOL Is Expected to Join the S&P 500 Soon

Bloomberg News

NEW YORK. — Analysts and traders expect Standard & Poor's Corp. to add America Online Inc. to the closely watched S&P 500 index in the next several months — and some say it is about time.

AOL, the No. 1 on-line service, would be the first pure Internet company in the index. Though it has a market value of just over \$40 billion, more than all but about 55 companies in the S&P 500, AOL has been excluded from the index. So have other on-line companies with huge market values, such as Yahoo! Inc. and Amazon.com Inc.

The addition of AOL would fill what many regard as a gaping hole in

the S&P 500. The Internet sector "is definitely missing," said Dan Matheson, head stock trader at D.E. Shaw Securities. "It would make it a more representative index if you had a few of them in there."

David Blitzer, chief economist at Standard & Poor's and chairman of the committee that picks new index members, defends the exclusion of companies without a solid history of earnings. "It doesn't do us any good to add a company and then have it go belly-up," he said.

Analysts say Standard & Poor's will be adding several stocks to the index soon because of mergers and acquisitions, and Mr. Blitzer said a number of technology stocks, includ-

ing Internet stocks, are on its "consideration list."

"We're aware of a lot of Web companies, and most people here probably subscribe to AOL," said Mr. Blitzer, himself an AOL user.

Standard & Poor's, a financial research and information company, declines to comment on prospective additions to its benchmark index. The reason for this is that about \$62 billion is invested in portfolios that try to match the index, and a stock that is added tends to rise quickly as manager of such portfolios buy the shares.

Many analysts and investors say S&P is right to be reluctant about new companies. "Internet stocks ought to be included in the balloon

index, for stocks that are getting blown up to unsustainable heights," said Bob Finch, fund manager at Aegis Investment Management.

Others argue that their exclusion has cost index investors money. Had America Online been added to the S&P 500 at the end of 1997, the index's performance would have improved by about half a percentage point, according to Leo Guzman, president of Guzman & Co., a Miami-based brokerage that trades stocks for investors who want to match the index's performance. The estimate is rough, he said, because it is impossible to say which company would have been deleted to make room for AOL.

This is not the first time Standard & Poor's has been slow to admit a hot technology stock to the index. Microsoft, now the most highly valued company in the S&P 500, was not added until June 1994, eight years after it went public, though it made money every year.

America Online's earnings have been erratic, said Diane Garnick, a Merrill Lynch & Co. derivatives strategist. AOL earned \$29.8 million in 1996 and then lost \$49 million in 1997. Yet with the agreement last week to buy Netscape Communications Corp., and revenue from a separate licensing agreement with Sun Microsystems Inc., AOL's profits may become more stable, Ms. Garnick said.

"With Sun in the picture, AOL stands

a much better chance," she said. "It will help smooth out their earnings."

Many money managers distinguish between more established Internet companies such as AOL and upstarts such as EarthWeb Inc., a provider of technical information for Web site designers, and theglobe.com Inc., which allows users to create free home pages. The companies, which are not yet profitable, went public in recent months and have seen their shares multiply several times over.

Money managers and brokers say AOL and other Internet stocks will be added to the S&P 500 eventually, as the companies prove themselves a permanent fixture in the global marketplace. "There's no doubt the Internet is a growing part of economic activity," Mr. Guzman said.

A Dutch Fund Is Targeting Teenagers

Reuters

ROTTERDAM. — Teenage Dutch investors are showing themselves keen to dabble in the world of high finance, with thousands subscribing to a new investment fund aimed specifically at school children.

More than 14,000 teenagers have invested a total of more than 26 million guilders (\$13.75 million) in the YoungDynamic fund, a teen-targeted fund launched by the Robeco Group last month. "That's a lot for a new fund aimed at a noninvesting group of the public," said a Robeco spokesman, Edwin van Wijk.

The first of its kind in Europe, YoungDynamic is an open-end fund. It aims to attract medium- to long-term funds from 12- to 19-year-olds, although anyone with cash to spare can sign up.

The Dutch Central Bureau of Statistics estimates that youngsters aged from 15 to 18 have around 3,900 guilders per year in personal income. Robeco believes that as a consequence, there is a market for products offering riskier types of investment with a potentially higher return, which at the same time introduce newcomers to the fundamentals of finance.

By logging on to a special Internet site, investors can talk to their fund manager, who will explain the performance of the portfolio.

During the subscription period, questions mainly focused on the companies in the fund portfolio, how the fund worked and, of course, its rate of return.

"Everyone wanted to know about the expected return," Mr. van Wijk said. "In that respect, young investors are no different from their mothers and fathers."

The investors will be able to see how news about Clinton or Yeltsin or the bad weather fits into the performance of their portfolio," said Fabiana van der Heiden, the project manager.

Financial skills are becoming ever more important as investing grows in popularity. Together with low Dutch interest rates, which have wiped out high-return alternatives, this forms an ideal background for this "Learning by Earning" idea, Mr. Robeco says.

Hans de Klerk, Robeco's communications director, added, "Nowadays, you have to start taking care of your financial future much earlier. We need to learn about investing, and school-age is a good time to start."

Educating the investors is the main aim, although Robeco, of course, is aiming to make a profit. "We're not doing this purely for altruistic reasons," Mr. de Klerk said.

Mr. van Wijk added: "The aim is to develop a relationship with people in their teens so we can educate them about investments. We're not aiming for the jackpot with this fund. We're willing to take a long-term approach."

Robeco chose around 400 worldwide stocks that were likely to appeal to young people, basing its selection on whether young people used the firm's products or services.

Other nonfinancial criteria for inclusion were popular advertising campaigns and stocks associated with family activities and future dreams.

From this pool, Robeco selected around 60 stocks, including Coca-Cola, Microsoft, Intel and Aegon, a Dutch insurer, based on normal risk-return criteria.

A share in the YoungDynamic fund cost 25 guilders during the Nov. 7 to Nov. 27 subscription period and was floated on the Amsterdam bourse on Monday.

Robeco will charge an annual management fee of 0.8 percent.

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NASDAQ

Thursday's 4 P.M.
1,000 most traded National Market securities
terms of dollar value, updated twice a year.
The Associated Press.

NYSE

Thursday's 4 P.M. Close
(Continued)

(Continued)

Hong Kong Moves to Home

On Contact

ASIA/PACIFIC

Japan Firms Plan Joint Chip VentureBy Stephanie Strom
New York Times Service

TOKYO — Raising the stakes in the race to develop the next generation of computer memory chips, Toshiba Corp. and Fujitsu Ltd. formed an innovative joint venture Thursday that should allow both companies to reduce costs and development time.

"We aim to have one plus one equal three," Kazunari Shirai, senior vice president of Fujitsu, said.

The two companies will invest more than 30 billion yen (\$246.5 million) to jointly develop technology to manufacture new memory chips with greater storage capacity.

They expect the new technology to be incorporated in manufacturing microprocessors and other types of computer chips whose functions go beyond those of a "plain vanilla" memory chip. The companies said diversification beyond personal computers was "essential," given the high costs of development.

The agreement immediately spurred speculation that the two companies might be discussing a merger, a suggestion neither company dismissed out of hand. Toshiba is making dramatic moves, by Japanese standards, to restructure its bloated business empire, including some small mergers, and Fujitsu realigned its business a few years ago and is now the most profitable of the Japanese high-tech companies.

Koichi Suzuki, the vice president in charge of Toshiba's semiconductor group, said there were no plans for more extensive ties now but referred to the brutally intense competition that has eroded and in some cases erased profit margins.

"The term 'mega-competition' has been used quite often recently," he said. If such factors prompt it, he said, "we will consider" a merger. He said International Business Machines Corp. and Siemens AG had been invited to join the project but had declined.

With Kia Belted In, Hyundai Shifts Gears

Compiled by Our Staff From Despatches

SEOUL — Hyundai Group, the largest conglomerate in South Korea, said Thursday that it planned a big realignment of its business groups as it absorbs the purchase of Kia Motors Corp. and responds to a government challenge to become more efficient.

Under the restructuring, Hyundai said it would merge several related units and organize itself into five groups focusing on automotive, electronics, construction, financial services and heavy machinery and chemical businesses.

The company also announced leadership changes aimed at paving the way for the smooth succession of power from the founder, said Park Kyung Min, chief investment officer at Assei Korea Capital Management Co. "It is a long-awaited move to prepare for the post-Chung Ju Yung era."

The company said Hyundai would keep the Kia brand name but would merge Kia's truck-building unit, Asia Motors, with Kia itself.

The changes come two days after

Hyundai sealed its 1.18 trillion won (\$953 million) contract to buy Kia.

In a further move to consolidate

automotive manufacturing and sales, Hyundai Motor will absorb Hyundai Motor Service Co., an auto sales and servicing company, and the auto business of Hyundai Precision Industry Co., which makes utility vehicles and vans as well as industrial machinery, rolling stocks and military equipment.

Hyundai Motor Service will also transfer its heavy machinery and construction equipment sales business to Hyundai Heavy Industries.

Hyundai Group's shipbuilding and heavy machinery unit.

The company is keen to demonstrate to the government that it is restructuring its businesses. The conglomerates owe creditors a combined 160 trillion won and are blamed by the government for destabilizing the economy with a rapid, debt-fueled expansion that they are now reluctant to scale back.

(Bridge News, Bloomberg)

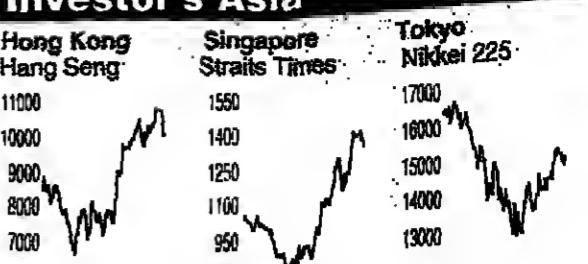
Hanbo Units Put Up for Sale

After failing three times to find a buyer for Hanbo Steel Industry Co., creditors said they were willing to sell off the bankrupt steelmaker piece by piece if necessary. The Associated Press reported from Seoul.

"We've decided to open our doors to all kinds of offers" in a new auction tentatively set for Dec. 15, said Chung Ki Hyun, a spokesman for Kurea First Bank, Hanbo's chief creditor. Bidders can seek to buy facilities only, Mr. Chung said, or the entire company.

Local news organizations, quoting unidentified sources, said steelmakers from the United States, China, Taiwan, India, Brazil and the Netherlands had shown interest.

Three previous auctions last year failed because potential buyers wanted to take over only certain facilities, not the whole company.

Investor's Asia

Source: Telekurs

International Herald Tribune

Hong Kong Moves to Help Home-Buying

Compiled by Our Staff From Despatches

HONG KONG — The government met a plan Thursday to guarantee a portion of bank lending for residential mortgages in an effort to stimulate the property market.

The plan came as the government announced that apartment sales rose 95.9 percent in November from October as falling interest rates and reduced prices lured buyers.

Though sales were still 1.9 percent lower than in November 1997, the gain from the October level indicated that the worst may be over for the battered property market. The buying was stimulated by a decline of about 55 percent in home prices for the 13 months through October. The loan guarantees could provide a further lift.

Under the program, banks will be allowed to lend as much as 85 percent of a property's value, compared with 70 percent previously. The other 15 percent would be guaranteed by Hong Kong Mortgage Corp. for a fee to the lending bank. The corporation, a government-sponsored concern, will take out mortgage insurance of equal value.

"Hopefully the scheme will be effective by spring next year," said Donald Tsang, the financial secretary. "Home-buyers, banks, the HKMC and the insurance industry



NEW SHIPMENT — Migrant workers preparing to transport boxes of fruit in Hanoi. Vietnam's jobless rate is estimated at 7 percent, compared with 5.88 percent in 1996, and nearly one-third of rural laborers were jobless during part of the year.

can all benefit," he said, referring to Hong Kong Mortgage Corp.

Analysts said the plan would lift the property market more than it would help banks. "It's definitely good news for the property market," said Philip Niem, regional banking analyst at HSBC Securities Asia. "It will bring more liquidity into the market."

But the plan could increase credit risk in the longer term, analysts said. "The risk is higher because of the higher repayments and because of

the risk people could walk away from the loans because of the lower deposit," said Raymond Lee, head of regional banking analysis at Salomon Smith Barney.

Hong Kong banks cut their benchmark lending rates to 9.5 percent in mid-October from 9.75 percent, helping to lift property sales.

The value of transactions in November was 87.3 percent higher than in October but 36 percent lower than in November 1997.

(Bridge News, Bloomberg)

Malaysia Tells Property Firms To Cut Prices

Bloomberg News

KUALA LUMPUR — Malaysia plans to require property companies to cut prices and ease credit for one month to help developers unload as much as 4 billion ringgit (\$1.05 billion) of unsold holdings, a property association said Thursday.

As part of the campaign, which starts Dec. 12, property companies will give price discounts of at least 10 percent on each home unit, the association said. Some property companies may offer higher discounts. The discounts would be in addition to the roughly 30 percent decline in market prices over the past year.

Banks and property companies have been "willingly arm-twisted" by the government to slash property prices, said Tan Teng Boon, vice president of the Housing Developers Association.

Under the plan, banks will lend as much as 95 percent of a property's value. Only houses costing less than 250,000 ringgit qualify for such loans. In addition, home-buyers will not have to pay processing fees, and legal fees will be lowered.

Malaysia also plans to ease restrictions on foreigners buying Malaysian property, said Eddy Chen, president of the Housing Developers Association.

Very briefly:

- Honda Motor Co. will increase production of its Life minicar by around 30 percent in December and January to cope with increasing demand.

- Hongkong & Shanghai Banking Corp., a unit of HSBC Holdings PLC, imposed a pay freeze on 13,000 employees because of the regional economic downturn. Expatriate and upper-echelon bank employees, who are on a different pay plan, will learn in April whether their salaries are affected by the freeze.

- RHB Bank Bhd. and Sime Bank Bhd. had their credit ratings cut from Ba2 from Ba1 by Moody's Investors Service Inc., amid concern about the country's deepening recession, its first in 13 years. The credit-rating concern also cited what it called RHB's "excessively" rapid expansion by acquisition.

- India's exports fell 11.6 percent in October from a year earlier, to \$2.59 billion, amid tougher competition from other Asian countries. Compared with the previous month, exports declined 5.8 percent.

- Indonesia will speed the recapitalization of its banking industry and pass laws to allow complete foreign ownership and curb banking secrecy. Sjahri Saburin, the governor of the central bank, said. The central bank, which is nominally independent, also will take over the licensing of banks from the Ministry of Finance, weakening the link between politics and finance, he said.

- Perusahaan Otomobil Nasional Bhd. posted a first-half loss of 122.9 million ringgit (\$32.3 million) as the currency fell and consumers bought fewer new cars when Malaysia fell into a recession. Proton, as the carmaker is known, had a profit of \$15.3 million ringgit a year earlier.

- Marubeni Corp. will cut its assets by 1 trillion yen (\$8.22 billion) by March 2001 because of the severe economic environment in Japan and abroad. The Nihon Keizai Shimbun reported. At the end of September, Marubeni had assets of 7.39 trillion yen, the newspaper said.

- Kirin Brewery Co. will introduce a reduced-calorie beer to counter sliding sales of its main product. AFP/Bloomberg/Reuters

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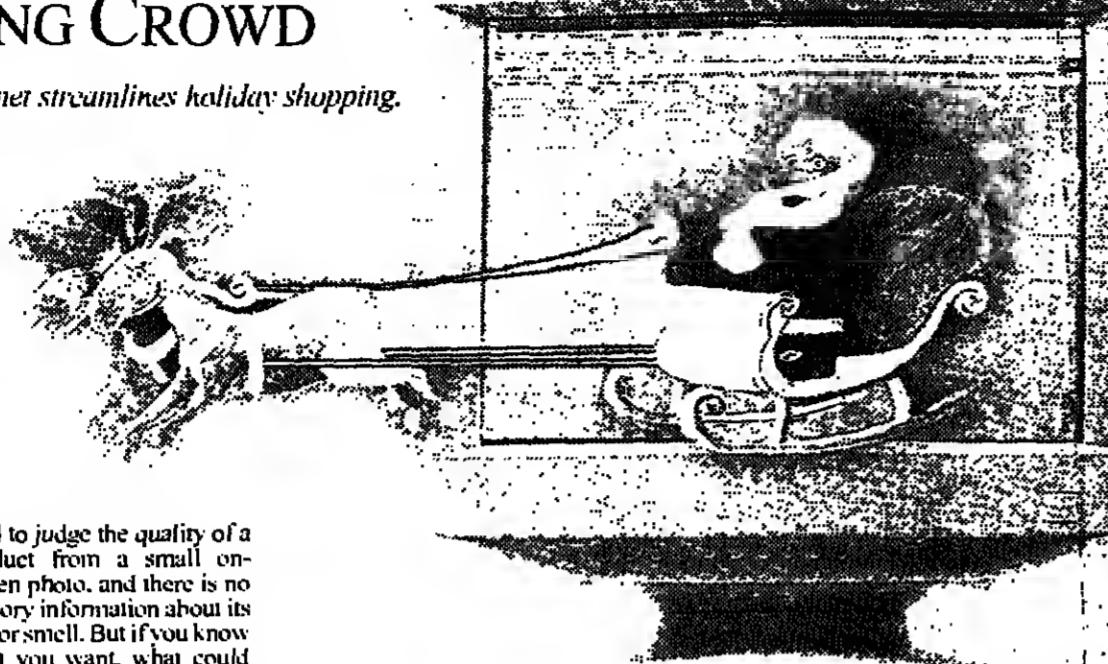
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HON-LINE, AWAY FROM THE MADDING CROWD

Holiday shopping on the Internet streamlines holiday shopping.



hard to judge the quality of a product from a small on-screen photo, and there is no sensory information about its feel or smell. But if you know what you want, what could be easier? On-line shopping is a boon for those who don't have time to shop during ordinary store hours, who hate crowds or shopping itself, and for the house-bound.

Is it safe? The major impediment to on-line shopping is consumers' fear of typing their credit-card number onto the Web. Who knows who might get hold of and misuse it? But for years people have been reading their credit-card numbers over phone lines and faxing or mailing them to hotels or mail-order houses, where there must be just as much room for abuse, without thinking twice.

Most on-line shopping services guarantee credit-card safety. Companies like Amazon.com, the on-line bookseller, guarantee that

This year, let your fingers do the shopping. From the classic to the exotic, most on-line retailers offer unlimited stock and the ability to deliver worldwide. For real, not virtual, store-hopping selected locations in the world's cities offer one-stop shopping for the holidays.

FROM THE HOME PAGE TO YOUR HOME SWEET HOME

Amateur decorators looking for gifts can find everything for the home — including the home itself — on-line.

Say you've just won a million dollars in the lottery. Naturally, you'll want to offer a smashing holiday gift to a loved one, namely a fully furnished new home. Don't get up. Just turn on your computer and do all your shopping on-line. You won't need to leave home to buy a home. One of the many on-line real estate brokers is Coldwell Banker (www.coldwellbanker.com), which lists 190,000 properties in the United States and abroad according to size, price and type. Furniture? No problem. Services like

The Bombay Company's (www.bombayco.com) sell all kinds of furniture on-line. Bombay specializes in traditional home furnishings, and you can have a Hepplewhite four-poster king-sized bed, for example, in mahogany-finished hardwood with slender fluted post, finials and removable canopy for \$699. The site also provides a selection of more modest gifts for the home, such as scented candles, ornaments, picture frames and potpourri.

The American Antique Furniture Market (www.americanantiquefurniture.com) has an on-line catalogue of American furniture dating from the 1840s to the 1940s in Victorian, Eastlake, Turn-of-the-Century, Mission, Arts & Crafts, Depression and 1940s Classic Revival styles, most of which has been restored as closely as possible to its original condition. Antiques from the other side of the Atlantic dating from the 1850s to the 1950s can be had from Britannia Antiques (www.iggroup.net/britannia).

If you're looking for soft furnishings, Déco-On-Line (www.2.promofrance.com/decosystème) offers a stock of 450 French fabrics for interior decoration in beautiful

designs and colors. You can choose from the samples pictured, provide the measurements and have your drapes made, or you can simply order the fabric of your choice.

All the necessary information on fabric makeup, weave and care is provided, but there is one slight catch — the site is in French only.

Every home needs some original artwork to brighten it

up. ArtQuest (www.artquest.com) is an on-line gallery of paintings, sculptures and prints. This well-designed site allows you to click on the image of the work that interests you and blow it up for better viewing. Complete information, including artist, title, size, technique, support, material and color, is provided.

Museum reproductions

from the Whitney Museum of American Art, the Corcoran Art Gallery, the American Craft Museum and many others are available at the MuseumShop (www.museumshop.com).

On the practical side, Kitchen Emporium (www.kitchenemporium.com) is a cyberstore selling everything from appliances to bakeware, cookware, tableware, cutlery and utensils.

Another service, Worldwide Kitchens (www.worldwidekitchens.com) specializes in professional and home kitchens supplies, including items like a commercial espresso/cappuccino machines and maple butcher's blocks.

No kitchen is complete without Tupperware, but you won't have to wait to be invited to a Tupperware party to equip the kitchen with the famous burping plastic ware. Just visit Shop Till U Drop's site (www.shopuntildrop.com/home/kitchen/storage-contain/tupperware) to order.

Moving outside, you can order everything for the garden from Garden.com (www.garden.com). In addition to plants, flowering bulbs and gardening tools, the site also proposes fresh wreaths and Christmas trees for the season.

H.E.

up. ArtQuest (www.artquest.com) is an on-line gallery of paintings, sculptures and prints. This well-designed site allows you to click on the image of the work that interests you and blow it up for better viewing. Complete information, including artist, title, size, technique, support, material and color, is provided.

Museum reproductions

FRESH OUT OF IDEAS? THE WEB CAN HELP

A selection of gift ideas, from the tried-and-true to the eccentric.

What can you give to the people on your list who already have two of everything? The Internet offers a wide range of choices. Almost everyone loves a good book, and the number of on-line bookstores is growing by leaps and bounds. A vast selection of books is online at BarnesandNoble.com (www.barnesandnoble.com), Borders.com (www.borders.com) or Amazon.com (www.amazon.com), which also offers one-stop holiday shopping at its new gift store carrying everything from toys to videos. Amazon is on-line in Britain (www.amazon.co.uk) and in Germany (www.amazon.de), while francophiles can order French books from the FNAC (www.fnac.fr) or Furet du Nord sites (www.furet.com). For music lovers, both popular and hard-to-find recordings can be found at Music Boulevard (www.musicblvd.com) or CDNow (www.cdnnow.com).

For such classic gift items as scarves, sweaters, slippers or turtlenecks you can go e-shopping with catalogue merchants like LandsEnd (www.landsend.com), L.L. Bean (www.llbean.com) or Eddie Bauer (www.eddiebauer.com).

Gifts from the wildside. For funny and silly gifts (that are occasionally practical as well) log onto Archie McPhee & Co., Outfitters of Popular Culture (www.mcphee.com). One category is "nerd essentials," which includes a wide selection of geek supplies such as Computer Voodoo, Nerd Glasses and the Brain Juice Pen, plus our exclusive Computer Nerd Test."

For the holiday tree or everyday decor, there are pink flamingos and chili pepper string lights. Other offerings include the Fridge Pig, which sits in the refrigerator and oinks loudly whenever the door is opened.

If the fridge is empty, order a gift lobster from the Lobster Net (www.thelobster.net). Choose from a live Maine lobster, lobster tails or a Lobsterback Gift Package, which includes everything needed for a lobster dinner: a cooking pot, live lobster, chowder and bibs.

For the trendy cigar smoker, order a Gentleman & a Scholar Cigar Chest or a leather humidor from Nat Sherman (www.natsherman.com) or a selection of cigars from Commonwealth Cigar Company (www.commcigar.com).

Hanukkah gifts are no problem. The Source for Everything Jewish site (www.jewishsource.com), carries items ranging from music and videos to a teddy-bear menorah for kids.

Kids are easy, of course. They watch TV and they know what they want. Just ask for the wish list and order on-line. For everything from a Talking Teletubby to an Earl E. Bird, Happy Holidays Barbie 1998, Real Talkin' Bubble Walk 'n Talk Elm, Blue's Clues Playboard, Flying Ninja's Fortress, Celestial Pen or Trivial Pursuit Star Wars Edition, just log on to eToys (www.eToys.com) or Toys 'R' Us (www.toysrus.com).

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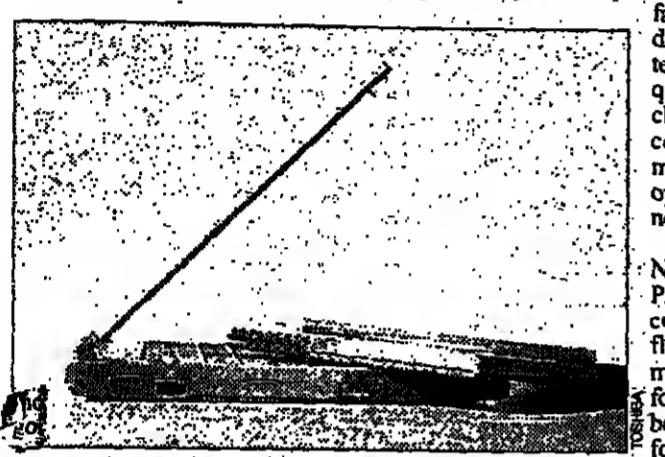
YOU CAN TAKE IT WITH YOU

Portable is the word in high tech this holiday season.

If you're searching for the hottest new gadget to offer the technophile on your list, the choice of products and on-line retailers is practically endless:

One hot item for those who must have the very latest technology this holiday season is the Panasonic DVD-L10, called the "Palm Theater" because it fits in your hand (www.panasonic.co.jp).

This portable DVD (digital video disc) with a built-in 3-inch LCD monitor is capable of showing wide-screen movies in hitherto impossible high resolution:



Toshiba's slim, super-lightweight Portégé 7010 CT can go anywhere.

Three different display modes, normal, full-or-zoom, also allow the viewing of ordinary images or letterbox formats. The Palm Theater has about two hours of autonomy and built-in stereo speakers and comes with a rechargeable battery pack allowing you to watch your favorite movie almost anywhere, anytime. It can also be plugged into a home video system. Panasonic has a growing line of DVD entertainment software available worldwide for this model and its other DVD players.

Extra portability also char-

acterizes one of Toshiba's (www.toshiba-europe.com/) computers' new offerings, the Portégé 7010 CT, a super-lightweight (1.85 kilograms) ultra-portable computer with a sleek designer look. Only 25 mm thick, with a 12.1 screen and a standard-sized keyboard, it comes with an Intel® Mobile Pentium® II processor 300 MHz and Windows 95 and 98. The case is made of super-tough magnesium.

When it comes to desktop computers, of course, the iMac (store.apple.com) is all the rage for Macintosh fans. Its colorful, chubby design came first, and the technicians had to fit the required elements inside it, including a PowerPC3 processor, CD-ROM drive and modem. Simple to set up and operate, it boasts easy connection to the Internet.

For photo buffs, the new Nikon Pronea S Advanced Photo System (www.nikon.co.jp/photo-s) single-lens reflex camera is designed to make clicking pictures easy for everyone, including rank beginners. This small auto-focus SLR weighs only 420 grams. The automatic func-



Panasonic's DVD-L10 Palm Theater offers portable entertainment.

tion can be overridden to let the photographer choose exposure control. The Advanced Photo System allows the changing of film in mid-roll, drop-in loading and a choice of three types of prints: wide-vision, panoramic or classic.

Titles can be imprinted on the back of the photo, and the camera comes with red-eye reduction, a built-in TTL Speedlight flash and a 30-60mm zoom lens.

For a wide selection of computer products on-line,

including hardware, software, accessories and supplies, try CNET Shopper (www.shopper.com) or Egghead.com (www.egghead.com).

Auction Sales (www.auction-sales.com) offers new, refurbished and closed-out computer hardware and software and other high-tech products, with the possibility of getting a bargain. Customers bid on-line and can monitor the progress of the bidding.

H.E.

ECLECTIC OFFERINGS

Paris shoppers who want to stay out of the cold this season might consider doing their holiday shopping in one of the city's few indoor shopping centers, the Carrousel du Louvre, located in the center of town in the underground extension of the Louvre Museum.

Since its opening several years ago, the Carrousel du Louvre has added more shops — to around 50 — and become more eclectic. In what was supposed to be a strictly upscale shopping center, there is now something for everyone, even a boutique selling models of the Eiffel Tower and other souvenirs. Its "food court" is just as noisy as the original American mall version, with similar varieties of fast food on offer.

The following is a sampling of some of the more interesting boutiques. The Virgin Megastore, located near the inverted glass pyramid that lets in some daylight and echoes I.M. Pei's famous Louvre Pyramid, offers a wide selection of discs, books and videos. For more unusual gifts, visit Les Minéraux, which is more than just a rock shop, although it does sell minerals and stones. It also has 30 million year old fish fossils from the South of France, carved-stone figurines, stone eggs and handsome jewelry and watches.

Signare sells high-quality luxury goods, all of them hand-made by Senegalese craftspeople. Silverware comes with stainless steel blades and handles solid silver, ebony, or ebony and silver. Hand-woven table linens and stoles might be ad-



orned with decorative stitching, embroidery, beading, fringe or other trimmings. Winsome candleholders take on stylized human forms, and there is a line of unusual jewelry made of African pearls.

For kids, the Renault store has non-motorized mini-cars they can ride around in as well as a wide selection of miniatures for collectors. The Courreges store is the place to pick up a pair of silver space boots and other 1960s flashbacks.

Les Comptoirs du Patrimoine comes a lovely reproduction of writer George Sand's blue-and-yellow crystal glassware, and the boutique of New York's Metropolitan Museum of Art has reproductions of Egyptian sphinxes and Roman statues. Memo Art has designer office supplies, with an extensive selection of fountain pens. Nature & Découvertes sells hundreds of gift items, ranging from telescopes to hammocks, bird feeders, lava lamps, science kits and feng shui guides.

H.E.

IN THE LAPTOP OF LUXURY

The ultimate in luxury giving is at your fingertips.

What is luxury? Something you want it because it makes you feel good or look good, or because its high quality and timeless design mean that it will last a long time and always be in style.

Designer clothing fits all of these criteria, except perhaps the last one (a vintage Thierry Mugler bright-orange fur-trimmed coat, for example, has fulfilled its useful life). Women who obsessively search for designer labels in overstock or vintage clothing stores would love a gift from Piece Unique (www.pieceunique.com), which carries new and vintage garments and accessories by the likes of Armani, Chanel, Donna Karan, Versace, Gucci, Hermès, Issey Miyake, Yohji Yamamoto, Gaultier and so on.

Fragrance Counter (www.fragrancecounter.com) has an extensive selection of women's perfumes, from Acqua di Gio by Giorgio Armani to Yellow Jeans by Versace, as well as men's fragrances.

Few men wear hats these days other than wool caps or those silly-looking ear-flap numbers that became popular a few years ago, and it's a shame. Nothing looks cooler than a man in a fedora hat who knows how to wear it with nonchalance. To choose the style that's right for the man on your list, go to Worth & Worth's Web site (www.hatshop.com), which carries everything from caps to fedoras, Panama hats, fur hats and berets.

Wine is a luxury for some, but for others life would not be worth living without it. Lovers of California wines might appreciate a gift subscription to the California Wine Club (www.cawineclub.com), which includes two different bottles each month and a newsletter. For Continental tastes, the French Wine Collection (www.frenchwine.co.uk) or the French Wine Web (www.french-wine-web.com) deliver fine French wines worldwide.

Children need a taste of luxury now and then, too. YesterYear Toys (www.yesteryeartoys.com) sells model toy steam engines made by Mamod, Wilesco, Cheddar, Krick and John Burrell. These are certain to last longer than the latest action toy.

Crème de la crème
Many top luxury companies do not sell their most precious and unique products on-line, so shoppers will have to leave home to pick up Van Cleef & Arpels' delicate Dragonfly brooch, worn by Sharon Stone at her wedding in February. It comes in four models: pink sapphires on pink gold, yellow sapphires on yellow gold, and mother of pearl or diamonds on white gold.

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SPORTS

Suicide Squeeze in the Front Office

Some Baseball Teams Still Don't Understand the Free-Agent Era

By Thomas Boswell
Washington Post Service

WAshington — In baseball, the suicide squeeze used to be called with a runner on third base. Now, the suicide squeeze occurs in winter as otherwise sane teams are squeezed into making lunatic bids for free agents.

All summer, teams spin a fantasy in their own minds: Their halfpence is the most beautiful. Their fans cheer the loudest. Their owner is the best to play for. Surely, the future belongs to them.

Any sensible free agent will understand their virtues, be delighted to sign with them and, maybe, even agree to a cheap deal just for the privilege of playing in such a paradise.

Simultaneously, these very same teams look at their own players who are in the final years of their contracts. Every week, those few seem to sprout small horns. Previously unnoticed flaws in their play and subtle blemishes in character appear.

The notion gradually dawns on the owner and general manager that the reason the home team is not the world champion has nothing to do with their own bonehead blunders. Rather, the disappointments of recent seasons have their root in these disloyal, too-familiar faces who are threatening to leave if they aren't bribed to stay with enormous ransoms.

Finally, the season ends, and reality begins to reintroduce itself.

At the moment, prosperous teams such as the Orioles, Red Sox, Dodgers, Astros and Rockies wake up every morning ready to scream: "We're gonna get shut out!" Even teams that care little about competing have to save face with their fans or risk empty ballparks. The "major market" White Sox just lost Albert Belle and Robin Ventura. Don't they have to sign somebody? And do it fast?

What we're watching is musical chairs, played for multimillion-dollar stakes. And the music is about to stop. Team after team, after repeating the same mistakes we've watched for the last 20 years, now asks itself, "How did this happen to us? I thought we had a plan."

This annual suicide squeeze has become a more familiar recurring nightmare. Sometimes, one huge signing sets off a chain reaction.

First, perhaps, Mike Piazza signs with the New York Mets for \$91 million for seven years. If you are the Dodgers you grasp that Piazza never really wanted to come back to Los Angeles. You're going to need a big bat at catcher, out Charles Johnson, who hit .218.

If you're the poor Phils, you realize Piazza couldn't care less that he was raised in Philly. Pure fantasy. If you're the Orioles, it hits you like a ton of bricks that you've completely misjudged the marketplace. Salaries, based

on Piazza, are going to go through the roof. Your wait-'em-out strategy stunk.

Next, when Jose Offerman signed with Boston for \$26 million, more jaws dropped. Piazza is a future Hall of Famer. But who is Offerman?

In this autumn of delusion, the Red Sox assumed they were building a team worthy of Bernie Williams. Naturally, the Yankees' center fielder would defect to play in Fenway Park. As New Englanders know, anybody sensitive enough to play jazz guitar like Williams would never voluntarily return to the Bronx when he could play near the Boston Common. Besides, Bernie had his tiffs with the Yanks.

Then, one horrid day, the Bosox discovered Williams had re-signed with New York. How could Bernie, classy Bernie, do that? The Yanks had blitzed him with an \$87.5 million offer as soon as their contract talks with Bell broke down. Faster than you could say, "Mo Vaughn is an Angel," the Red Sox suddenly realized that they desperately needed Rafael Palmeiro.

But so did the Orioles. Because Brian Jordan had turned them down to go to Atlanta. And because Todd Stottlemyre chose to play in the Arizona desert instead of the Chesapeake Bay.

Big league organizations never learn, do they? Their uniforms aren't prettier. Their money doesn't spend better.

Write these invaluable clichés on the front-office wall: Do not let familiarity breed contempt. (Otherwise, you'll end up, pissing Roberto Alomar and Palmeiro about their attitudes, then get cornered into replacing them with Bell.) Love the one you're with ('til you get the one you want). You can't always get what you want, but you just might find that you get what you need.

At the moment, the baseball landscape is littered with scattered delusions.

The Houston Astros thought that, once he got to know them, Randy John-

son would re-sign with them. After all, the Big Unit went 11-1 in Texas. Instead, the Big Unit went to the crazy-spending Diamondbacks boss, Jerry Colangelo, who seems determined to bring obscure NBA salaries to the merely preposterous major leagues.

San Diego still thinks Kevin Brown has fuzzy feelings about that Padres' pennant he helped win and the new stadium that the town has agreed to build. The Padres think that's going to help 'em at closing time when some panic-stricken general manager, his job in jeopardy, cuts to the chase and says, "What will it take to sign you, Browny? Just name it."

The Orioles think B.J. Surhoff loves the Camden Yards fans and would never sign with Pittsburgh for a few million more. After everything that's happened, they're still counting on B.J.'s soft heart, not his hard head. They're also convinced all they have to do is to ink Delino DeShields, born in Delaware, to pick up the phone and whistle. What if somebody else phones first and says, "Delino, this is our top offer. We're blowing our budget for you. But we can't get in a bidding contest with Baltimore. No phone calls. Decide right now."

That's how it happens.

Palmeiro said the final moments of his decision process were "like a poker game." He was within "two or three minutes" of re-signing with Baltimore. What swayed him those last gut-check moments? Desire to return to his off-season home in Texas? The delight at evicting his old nemesis, Will Clark, from his job as Rangers first baseman? Animosity toward the we-don't-need-him treatment he got in Baltimore? All of the above?

Soon, the process of self-deception can start all over again. As next Thanksgiving rolls around, the squeeze will tighten again. Perhaps the only inflexible rule of the free agent era is this: Screw up early and avoid the rush.

The Houston Astros thought that,



MULTIMILLION DOLLAR SMILE — Randy Johnson, who signed with Diamondbacks for \$52.4 million, meeting the media in Phoenix.

Off-Season Diversion: See Free Agents Get Rich

Ventura Goes to Mets, Rodriguez to the Cubs

The Associated Press

The free agent market is remaining busy and buoyant.

On Wednesday, Robin Ventura, a third baseman, finalized a \$32 million, four-year contract with the New York Mets and Henry Rodriguez agreed to return to the Chicago Cubs for an \$8.9 million, two-year deal.

Even Carlos Hernandez struck it rich.

After just one season as a starter, the catcher worked out a \$6.5 million, three-year contract to stay with the San Diego Padres.

Also Wednesday, Kevin Brown, the top free agent pitcher left, met with the St. Louis Cardinals.

Ventura, a five-time Gold Glove and potent left-handed bat, also talked to Baltimore after the Chicago White Sox decided not to meet his contract demands.

"They're looking for a left-handed hitting third baseman, and I kind of fit that," Ventura said of the Mets. "It boiled down to going to the place with the best chance of winning, and that's why I'm here."

Ventura, who made \$6.1 million this year, gets a \$1 million signing bonus with \$230,000 payable on July 1 of each of the next four years. He gets \$6.75 million next season, \$7.75 million in 2000 and \$8.25 million in each of the final two years. He has a limited no-trade clause.

The Mets have committed \$155 million this off-season to three players. They re-signed Mike Piazza to a \$91

million, seven-year deal and kept ace Al Leiter with a \$32 million, four-year contract.

In their search for a leadoff hitter, the Mets are talking to Rickey Henderson, Mets general manager Steve Phillips met with Henderson's agents for two hours Wednesday night at Shea Stadium.

Rodriguez, acquired by the Cubs from Montreal last December for pitcher Miguel Bautista, hit .251 last season with 31 homers and 85 RBIs. After making \$2.7 million last season, he gets a \$200,000 signing bonus, \$3.6 million next year and \$4.5 million in 2000.

The Cubs also signed right-hander Scott Sanders, released by San Diego on Nov. 17. Sanders, 29, pitched in 23 games for the NL champions, going 3-1 with 26 strikeouts, five walks and a 4.11 ERA in 30 2-3 innings.

Hernandez hit .252 with nine homers and 52 RBIs this season and batted .325 in 14 postseason games for San Diego, including a team-high 417 in the first-round win over Houston.

"The one thing we've had that's been a problem over the last couple of years is the ever-changing catcher when you're trying to develop pitchers," said Kevin Towers, the Padres general manager. "This should give us a little bit of continuity, which is important."

The Padres apparently will lose center fielder Steve Finley, who is close to signing with the Arizona Diamondbacks. Finley reportedly will get a four-year deal. He had been seeking \$6 million a year.

Hernandez hit .252 with nine homers and 52 RBIs this season and batted .325 in 14 postseason games for San Diego, including a team-high 417 in the first-round win over Houston.

"Given that the Rangers, Astros and Indians all have been seeking pitching to bolster their staffs, the Yankees would seem to be in the best position to include a starting pitcher because they have six. But would the Blue Jays trade Clemens to a team in their division?"

"We debated that," Ash said. "I don't see that as a roadblock. What we have to concentrate on is getting the best possible deal. If that presents itself from within the division, that would be unusual, but you have to do what you have to do both short and long term."

5 Cy Youngs Are Great, But Clemens Wants a Ring

By Murray Chass
New York Times Service

NEW YORK — When Roger Clemens was a free agent two years ago, he shunned two teams that had been and would continue to be legitimate contenders, the New York Yankees and the Cleveland Indians. Now, after winning his fourth and unprecedented fifth Cy Young awards but no championships with the Toronto Blue Jays, Clemens wants to be traded to a contender.

The pitcher made that request Wednesday through his agent, and the Blue Jays, adhering to a verbal commitment made two years ago, said they would comply. Gord Ash, the team's general manager, said he wanted to move as quickly as possible, in the next week to 10 days.

"I'd say I'm on a fast track with this," Ash said. "There are so many other things going on with free agents and other deals, we need to have this clarified before we move on."

After speaking with Clemens's agent, Randy Hendricks, Ash immediately contacted the Yankees, Cleveland, Texas and Houston. Those teams, he said, had shown the strongest interest dating to last July. He said he expected to talk to other teams as soon as the news spread.

Ash said the Yankees "were very interested at the trade deadline, so one could assume they still are."

"Who wouldn't have an interest in Clemens?" said Brian Cashman, the Yankees general manager.

Ash said the Indians, Rangers and Astros all said they were very interested and would be in touch with him.

"We'll be looking for players who could help us at the major league level now," Ash said. "Prospects aren't going to work."

"We're going to need at least some pitching back," he added. "but I want to be open minded about this. I don't want to predetermine what it will take. I want to see what the offers are."

Given that the Rangers, Astros and Indians all have been seeking pitching to bolster their staffs, the Yankees would seem to be in the best position to include a starting pitcher because they have six. But would the Blue Jays trade Clemens to a team in their division?

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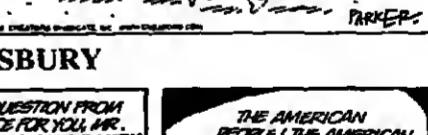
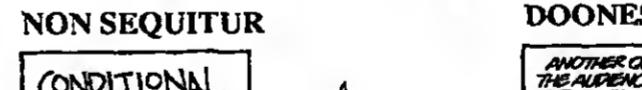
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POSTCARD

*Buddha's Birthplace*By Barry Bearak
New York Times Service

LUMBINI, Nepal — About 2,500 years ago, on a spring day under a full moon, Siddhartha Gautama was born in Lumbini. His mother had gone into labor while on a stroll in a verdant grove, smelling the flowers and listening to the songbirds. The baby would grow up to be the Enlightened One — the Buddha — and this village would become holy soil to millions of Buddhists who, for the most part, would these days never think of coming here.

Situated in the flat, steamy lowlands of southwestern Nepal, Lumbini is not only off the beaten track; it is also away from an adequate supply of sewer pipes, telephone lines, electric lights, clean sheets and mosquito control. Thirty years of planning to develop the site have thus far failed to make it the Buddhist counterpart of a Mecca or Jerusalem.

The royal government of Nepal would like to change that. On Tuesday, it convened a two-day conference of religious leaders and political officials from 19 nations, trying to promote Lumbini as "the fountain of world peace" and open the way for a torrent of pilgrims and tourists to this impoverished country of 21 million.

At best, such cooperation has been inconsistent in the past, a sad matter for many of the devoted. As if working through some inescapable karmic process, the development of Lumbini seems required to overcome sorrow, greed, egoism, despair and countless other frailties before it can attain realization.

"Five and a half years ago I found so much jungle it made me weep," said Thay Huyen Dieu, a Vietnamese scholar

building a monastery here. "This was not the beautiful garden of scripture. We Buddhist people sometimes talk too much and do very little. This is what Lumbini needs. People doing, people believing."

The spot believed to be Buddha's birthplace is now a modest excavation site. There are piles of red-brown brick once used in ancient temples. For Tuesday's occasion, red bunting was hung across the area. Multicolored streamers swayed with the breeze.

"What Lumbini needs is the right concept," said Noritada Morita, a retired economist with the Asian Development Bank. "This is Buddha's birthplace. It has to be a peace-oriented, high-quality meditation place, not just for Buddhists but for everybody."

The village was rediscovered only in 1896, when excavators unearthed a half-buried pillar in the Nepalese countryside. It had been left in the third century B.C. by the Maurya emperor Ashoka, a once-fierce warrior tamed by Buddhist compassion. An inscription claimed the spot to be Buddha's birthplace. The pillar stood near a destroyed temple that contained a relief sculpture of Maya, Buddha's mother, giving birth.

In the few Lumbini monasteries, among some of the monks drinking tea, there is impatience: Why has it taken so long to pay the proper respect to Lord Buddha? When will millions come to this place and learn of its peace?

But other monks are undisturbed by such things. "Why would anyone hurry to create gardens and buildings and monuments?" they ask, echoing the Buddha in reply.

Everything is transient and nothing endures.

One Writer's Path to the Nobel for LiteratureBy Alan Riding
New York Times Service

TJAS, Lanzarote, Canary Islands — Looking back on his life from the vantage of his 76 years, José Saramago still finds it hard to believe that on Dec. 10 in Stockholm he will become the first Portuguese-language writer to receive the Nobel Prize in Literature. Not that he was a surprise choice: He was already the pundits' favorite last year when the prize went to Dario Fo of Italy. It is just that, as he puts it softly, "I was not born for this."

The son of a peasant father and an illiterate mother, brought up in a home with no books, he took almost 40 years to go from metalworker to civil servant to editor in a publishing house to newspaper editor. The accident of unemployment in his mid-50s finally led him to risk life as a full-time writer. And he was 60 before he earned recognition at home and abroad with "Baltasar and Blimunda."

Still, if he likes to remind people that he "was not born for this," it is not only out of bemusement at his late-in-life success. It is also to explain that his distinctive narrative style, his ironic voice, his unrestrained imagination and the allegorical themes of his books are all products of his life before he became a writer. "I think it simply has to do with my past," he said.

That past is also deeply rooted in the history and literature of what was long one of Europe's poorest and most isolated countries may well have narrowed his focus, but Saramago feels this has worked in his favor. "I believe that the more authentic the expression of the cultural roots of an author, the more understandable it is to people from other cultures," he said.

And yet, while profoundly Portuguese, Saramago remains an outsider: an atheist and a Communist in a Roman Catholic and conservative land.

In 1992 a center-right Portuguese government even vetoed his novel "The Gospel According to Jesus Christ" on the ground of blasphemy. Furious, he left Lisbon and moved to this volcanic Spanish island off the west coast of Africa with his wife, Pilar del Rio, a Spanish journalist.

After his Nobel Prize was announced in October, it was the Vatican's turn to lament that for the second year running the award had gone to someone it perceives to be anti-religious.

"Why does the Vatican get involved in these things?" Saramago asked, uncharacteristically raising his voice. "Why doesn't it keep itself busy with prayers? Why doesn't it instead open its cupboards and reveal the skeletons it has inside?"

But in Portugal, where walls were plastered with posters proclaiming "Congratulations, José Saramago," he was now received like a prodigal son. "The prize became a national happening," he said. "People came up to me, not to congratulate me — that would be normal — but to say, 'Thank you, thank you,' as if the Nobel Prize were a sort of recognition for all my countrymen, as if everyone had grown one inch taller."

The prize abruptly ended Saramago's tranquillity, assaulting him with the vagaries of sudden fame, a topic he treats mockingly in his latest novel, "Todos os Nomes," or



José Saramago at his home in the Canary Islands.

"All the Names," still to be published in English. But the flurry of recent weeks has also led him to reflect on his life, to ruminate in his past for the incidents and influences that explain why, what and how he writes.

Two childhood memories stand out. Although his parents moved to Lisbon in 1924, when he was 2, he always spent vacations with his grandparents in his birthplace in the village of Azinhaga in the Ribatejo region. They bred pigs and, in the winter, he recalled, they would take weak piglets to their bed. "So we can imagine the two oldies, covered with blankets, in a cold house, freezing outside, and between them, like their own children, two or three piglets, being heated by human warmth," he said, slipping into storytelling mode. "Of course, they would be killed later. Life was like that."

Years later, he said, his grandfather suffered a stroke and was to be taken to Lisbon for treatment. "He went into the yard of his house, where there were a few trees, fig trees, olive trees," Saramago said. "And he went one by one, embracing the trees and crying, saying good-bye to them because he knew

he would not return. To see this, to live this, if that doesn't mark you for the rest of your life, you have no feeling."

At primary school, young Jose loved reading and writing but, with no money for further studies, at 12 he entered an industrial college to learn the trade of metalworker. To his delight, the school also offered a course in literature.

By the time he began work as a metalworker at 17, he was dreaming of becoming a writer. He switched jobs to become a clerk in a hospital and began spending evenings in a local library. "When I was 25, I wrote a novel, 'Land of Sin,' and amazingly it was published," he said, "although it went unnoticed."

But after he sent a second novel to a publisher and it never returned, he stopped writing. "I don't think I was conscious of this at the time, but looking back, I think I reached the conclusion that I had nothing important to say," he mused, "so I went 20 years, from 1947 to 1966, without publishing a word. I had no regrets. I wasn't even collecting experiences to recount later. My writing period was over. I just lived my life."

In the 1960s, while working for a Lisbon publisher, he published two books of poems, but nothing more ambitious. At the time, Portugal was ruled by a rightist dictatorship that had been in power since 1926, but this did not explain Saramago's silence, "I was not a victim of fascist oppression," he said. "There were great writers who continued to write against all odds. I took no risks because I had nothing to say."

At least not in a literary sense. Having joined the Communist Party in 1969, he began writing editorials in a Lisbon newspaper, struggling daily with official censors. After the April 1974 revolution toppled the regime, he became deputy editor of a newly nationalized Communist-dominated newspaper, Diário da Notícias, until he was thrown out of his job by an anti-Communist counteroffensive in November 1975. "I can probably thank this for the fact I became a writer," he said. "Finding myself out of work, defeated politically, I decided the time had come to determine if I really was a writer. I felt I had something to say, but I didn't know what. In 'Manual of Painting and Calligraphy,' published in 1977, about a painter who writes to reflect on how badly he paints, I indirectly pose the basic question: 'Now, Jose, what are you going to write?'"

Today, with his books translated into 25 languages, the international appeal of his fiction is no longer a mystery. "The themes that interest me are questions that I think concern everyone," he said. "I'm thinking of my own relationship with the world, with society, with time, with history. There is also a way of narrating, a greater or lesser degree of emotion, an ironic look at powerful institutions, perhaps all of this."

"But in the end," he went on, "I could only be a Portuguese writer. Some people need to make references, like the 'Garcia Marquez of Europe,' but I don't think this is the case. There are many differences between us, all of them favoring Garcia Marquez. But I believe my work is a direct product of my imagination, my concerns. I have always lived in isolation, I read everything, but my roots are Portuguese."

PEOPLE

A BRITISH theater famed for launching radical playwrights has agreed to be renamed after a major funding deal, with the new sponsor's name in neon lights. The move by the Royal Court, where John Osborne's "Look Back in Anger" was first staged, sparked fury among playwrights and directors. Sir Peter Hall, former director of the National Theatre, calling it "a sign of the times." The Jermwood Foundation, a private trust founded by the pearl importer John Jermwood, agreed to make a £3 million (\$5 million) donation that will lift the threat of bankruptcy and help the Royal Court to finish its rebuilding program. The Court's two theaters will be renamed the Jermwood Theaters at the Royal Court Theatre.

their navy. So, over the mountains they fled, eventually reaching the United States. Their story inspired the Rodgers and Hammerstein musical "The Sound of Music," which opened on Broadway in 1959 and was revived this year, and the 1965 film. Arno Gasteiger, vice governor of Salzburg, presented six of the baron's children with the state's highest civilian honor, the Golden Dec-

oration of Honor, at a Manhatten hotel before attending a performance of the musical.

The actress Kathy Bates is replacing the late Roddy McDowall on the Academy of Motion Picture Arts and Sciences governing board. Bates joins Gregory Peck and Karl Malden on the

*A Legion of Honor for Walter Cronkite**The Associated Press*

NEW YORK — The American Society of the French Legion of Honor gave the former newscaster Walter Cronkite its highest award Wednesday, the Medal for Distinguished Achievement.

"Walter Cronkite's active involvement in reporting the Second World War and its repercussions over the following decades made him the voice of America," said Guy Wildenstein, president of the society.

He added: "Mr. Cronkite has been part of virtually every news event in our time, not only on the domestic and international front, but also with respect to our conquest of space."

The former CBS anchor, 82, was already a Chevalier of the Legion of Honor. Napoleon created the Legion in 1802. The American Society was formed in 1924 by Legion of Honor members living in the United States.

three-person board, the first to be made up entirely of Oscar winners. McDowell died of cancer on Oct. 3. Bates won her Oscar for her portrayal of an obsessed fan in the 1990 movie "Misery."

The four-year marriage of Dudley Moore and his fourth wife, Nicole Rothschild, is officially over. Details of the settlement weren't disclosed by the actor's publicist. Rothschild filed a suit alleging abuse by the star of "Arthur" and "10," then dropped it in June, citing Moore's health problems. He underwent heart surgery in 1997 because of a blocked artery.

The English architect and urban designer Sir Norman Foster and his London-based firm, Foster & Partners, received the fifth Veronica Rudge Green Prize in Urban Design from the Harvard Design School. The firm was chosen for two projects: the subway system in Bilbao, Spain, and the development of the Carte d'Art Plaza in Nimes, France.



The von Trapps in New York, after being honored by Salzburg.



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